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Vol. XXXII, No. 827

May 2, 1955



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The Department of State BULLETIN, a weekly publication issued by the Public Services Division, provides the public and interested agencies of the Government with information on developments in the field of foreign relations and on the work of the Department of State and the Foreign Service. The BULLETIN includes selected press releases on foreign policy, issued by the White House and the Department, and statements and addresses made by the President and by the Secretary of State and other officers of the Department, as well as special articles on various phases of international affairs and the functions of the Department. Information is included concerning treaties and international agreements to which the United States is or may become a party and treaties of general international interest.

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May

Recommendations for 1956 Mutual Security Program

Following is the text of the President's message to Congress containing recommendations for the Mutual Security Program for 1956, together with a letter from the President to Secretary Dulles concerning the future administration of the program.

PRESIDENTIAL MESSAGE¹

To the Congress of the United States:

I recommend that the Congress authorize, for the Fiscal Year ending June 30, 1956, the Program for Mutual Security outlined in this message. The program reflects the greatly improved conditions in Europe and provides for the critical needs of Asia. It encourages private overseas investment and private enterprise abroad, fosters an increase in cooperative effort, emphasizes loans rather than grants wherever possible. I consider the program an indispensable part of a realistic and enlightened national policy.

The fixed, unwavering objective of that policy is a just, prosperous, enduring peace. On this fundamental position, we base our broad approach toward our world trade, our military alliances, our exchange of information and of persons, our partnership with free nations through the Mutual Security Program. This partnership is rooted in the facts of economic and defense interdependence and also in the understanding and respect of each partner for the cultural and national aspirations of the other.

The recommendations in this message are an essential complement to the foreign economic program outlined in my message of January 10, 1955.² That program is designed to develop the economic strength and the security of the free world through healthy trade expansion among the free nations

and through an increased flow of investment capital particularly to underdeveloped areas. The lessening of barriers to trade in the free world is a vital component for the successful implementation of our national policy for security and peace.

We must recognize, however, that certain free world countries, because of the aftermath of war and its continuing threat or because of less developed economies, require assistance which will help them achieve stable national health and essential defensive strength. The Mutual Security Program is designed to deal with these specific problems in the national interest and in the cause of peace. The program stands on its demonstrated worth.

Its cumulative success is especially evident in Western Europe today. The free nations there have attained new levels of production, larger volumes of trade, expanded employment, and rising standards of living. They have established strong defense forces which, although deficient in some respects, now constitute a significant deterrent to aggression and add substantially to the free world's defensive power. Their own national efforts and their cooperation with each other are the prime reasons for their success. However, the United States Mutual Security Program and its predecessor, the European Recovery Program, deserve an important portion of the credit.

The program I now recommend to you for Fiscal Year 1956 proposes no economic aid for the original Marshall Plan countries in Western Europe. These nations are capable of meeting current defense goals without such support. Deliveries of arms from previous appropriations will continue under constant review to insure that the latest weapon developments and strategic thinking are taken into account. Our initial contribution toward the arming of German forces is already funded by previous Congressional action.

In Spain and Yugoslavia, which were not in the

¹ H. Doc. 144, 84th Cong., 1st sess., transmitted Apr. 20.

² BULLETIN of Jan. 24, 1955, p. 119.

Marshall Plan, defense programs can be successful only with further strengthening of their economic base. New appropriations are needed to continue our cooperation with them. Likewise the special circumstances of the city of Berlin require continued support for that outpost of freedom.

But the immediate threats to world security and stability are now centered in Asia. The preponderance of funds requested of the Congress will be used to meet the threat there. Within the vast arc of free Asia, which extends from the Republic of Korea and Japan to the Middle East, 770 million people, one-third of the world's population, reside. Most of them are citizens of newly independent states. Some have been engaged in recent war against the Communists. All are threatened. Capital is very scarce. Technical and administrative skill is limited. Within the area, however, abundant resources and fertile lands are ready for development.

Now is the time for accelerated development of the nations along the arc. The major responsibility must necessarily lie with the countries themselves. At best, foreign capital as well as foreign aid can only launch or stimulate the process of creating dynamic economies. In this light, the United States has the capacity, the desire, the concern to take the lead in friendly help for free Asia.

For example, we can assist in providing and mobilizing capital for useful and constructive development. We can encourage our successful private industry to join with the people of free Asia in building their private industry and facilitate the way. We can consult and advise on the means by which a free nation builds upon the initiative of independent farmers to achieve a steady advance toward better standards of living, in contrast to the mounting failures of collectivist agriculture.

It is clear that most of the nations of free Asia prefer to quicken their cooperative march toward these objectives through the Colombo Plan Consultative Group which was established in 1950 to promote mutual economic development. We welcome this initiative. As a member of the Group, we shall continue to work in strengthening its cooperative efforts.

The varied nature of national situations requires that our cooperation be essentially bilateral. Some of the nations are members of the Manila

Pact and their treaty obligations give rise to special economic problems. Most are members of the Colombo Plan. Most, except for Japan, have very little industrial capacity.

The requested authorization includes substantial funds to further our mutual objectives in this area. Of these funds I suggest that we can achieve the maximum return if \$200 million is set aside for the establishment of a President's Fund for Asian Economic Development, with broad rules enacted by Congress for its use through loans and grants, and with adequate latitude to meet changing circumstances and to take advantage of constructive opportunities.

To help assure the most effective use of these funds, this appropriation should be available for use over a period of years. Wisdom and economy in their use cannot be achieved through speed. A small, firm, annual commitment out of this \$200 million may prove in many instances to be the most fruitful method.

Because of the continuing threat of aggression and subversion in Asia, a large part of the amounts requested for military assistance and direct forces support is to build and maintain the defensive forces of our allies there. This includes the substantial costs of maintaining and improving the defenses of the Nationalist Government of China in Formosa and provides for military equipment and supplies for Korea.

The newly achieved stability in Iran has decreased the Communist threat and has opened the way to the use of oil resources. These eventually will bring revenues to the nation for the further development of the land and the opening of new opportunities for its people. Pending resumption of sufficient revenues from oil, however, limited defense and economic support must be provided.

In the Near East, our stalwart North Atlantic Treaty Organization allies, Greece and Turkey, are both making significant progress. But neither of them can alone support the substantial armed forces which they maintain for their own defense and for the NATO force goals in that area. Their initiative in promoting security arrangements in the Balkans, and Turkey's vigorous efforts for Middle East defense, reinforce the need for continued support of their efforts. Iraq's action in joining with Turkey in a defensive security arrangement is another favorable development.

The continuing tension between the Arab States

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and Israel handicaps the peoples of all Near East nations. We should continue to work with the governments and peoples on both sides to improve their economic status and accelerate their progress toward lasting peace between them. Our cooperation is beginning to bring results, particularly in the development of water resources. Such developments in the Palestine area can go far to remove present causes of tension.

In the vast continent of Africa the long-range effect of our cooperation is extremely significant. This continent and its resources, the progress of its people and their relationship to the free world are of growing importance. Requested appropriations for this area are needed in the effort to promote welfare and growth for the peoples of Africa.

In Latin America, I recommend intensification of our technical cooperation program. In this area more than a decade ago, technical cooperation was first undertaken in a systematic manner. The programs have proved their high value in many of our sister republics. No international programs have ever had such widespread welcome and support. Indispensable to the economic development of many free nations, they also reflect the deep humanitarian spirit of the American people.

Technical cooperation programs have contributed effectively to the efforts of the other American Republics to strengthen and expand their national economies. These efforts have likewise been aided by our very large inter-American trade, substantial private investment, more extensive lending by the Export-Import Bank, and credits by the International Bank for Reconstruction and Development. As a result, Latin America has achieved a remarkable rate of economic development. In addition to the technical cooperation programs for Latin America, I recommend a continuation of our modest contribution to the Organization of American States and further economic support to meet the critical situations in Guatemala and Bolivia.

Our programs of national action are not in any manner a substitute for United Nations action in similar fields. Every instance of effective measures taken through the United Nations on a human problem improves the ultimate prospect of peace in the world. Therefore, I strongly recommend that the United Nations Technical Assistance Program, in which sixty governments participate and which is carried out by the United Nations and its specialized agencies be supported in a con-

tinuing and adequate manner. The United Nations Children's Fund has carried out an especially appealing and significant work. We have done our full share to make this work possible. We should continue to do so.

Persons who have escaped from totalitarian oppression, often at great peril, and refugees uprooted by war and disaster deserve further support in 1956 through programs administered by the United States, the United Nations, and the Intergovernmental Committee for European Migration.

One of the unique, least expensive, and most fruitful aspects of the Mutual Security Program is the participation, largely in humanitarian projects, of forty-seven voluntary organizations representing many millions of our citizens.³ These organizations do an exceptionally effective work in helping the escapees and refugees become self-supporting. They distribute large quantities of food on a people-to-people basis. But certain costs for transporting food, and for supplies beyond their own voluntary resources, are needed and should be provided.

In total, for Fiscal Year 1956, I recommend that the Congress approve funds totaling \$3,530 million for the Mutual Security Program, as proposed in the Budget Message.⁴ Of this amount \$712.5 million is for economic programs, including \$172 million for a continuation of Technical Cooperation programs, \$175.5 million for special programs, \$165 million for development assistance, \$200 million for the special President's Fund. \$100 million is for a worldwide contingency fund. I request \$1,000.3 million for Defense Support which serves both economic and defense purposes by supplementing the efforts of countries, particularly in Asia, carrying out defensive measures beyond their current financial capacity. \$1,717.2 million is for military assistance and direct forces support. Included in this amount is \$500 million to cover expected losses to present military assistance programs by operation of the Supplemental Appropriation Act, 1955.

³ The Foreign Operations Administration last month published a pamphlet entitled *FOA and U. S. Voluntary Agencies*; copies may be obtained from FOA's Office of Public Reports, Washington 25, D. C. For a summary of voluntary foreign aid during the period 1939-1953, see *BULLETIN* of Mar. 15, 1954, p. 383.

⁴ *Ibid.*, Jan. 31, 1955, p. 163.

The Foreign Operations Administration has proved to be an effective and efficient instrument for conducting the Mutual Security Program. An able and devoted group of men and women have successfully conducted the program under direct line authority from the President.

The Congress provided in the Mutual Security Act of 1954 for the termination of the Foreign Operations Administration by June 30 of this year. As I indicated in my letter to the Secretary of State of April 15, I shall issue an Executive Order effective June 30, 1955, transferring the affairs of the Foreign Operations Administration to the Department of State, except for certain military aspects which will be transferred to the Department of Defense.

This transfer to permanent Departments of the Government will reflect the significance of this program as an integral part of our foreign policy. In the implementation of the program, the facilities of all agencies of the Executive Branch will be used where appropriate, and to the maximum possible extent on a contract basis. However, it is essential that responsibility for the non-military operations continue unified; to fragment this responsibility among several agencies would seriously detract from their effectiveness. The reorganization will continue the role of the Institute of Inter-American Affairs in carrying out cooperative programs for the advancement of the well-being of the peoples in the other American Republics.

The continuity of operations and the adjustments of internal relationships within the Department of State after June 30, 1955, will require a period of transition. I recommend that the Mutual Security Act of 1955 include broad authority to revise the organization during a period of six months following June 30, 1955.

The International Cooperation Administration will be a new semi-autonomous unit within the Department of State. Its Director will report directly to the Secretary of State and will, on the Secretary's behalf, give supervision and direction to the mutual security operations performed within the Department of State.

This responsibility will require that the International Cooperation Administration have the capacity to make and carry out operating decisions within broad policy guides established by the Secretary of State. It will likewise require that the

Director of the International Cooperation Administration have his own complement of supporting staff and program personnel, both in Washington and in the field. It will be his responsibility to assure that appropriate policy guide lines are secured from the Secretary of State, and within those guide lines he will issue the necessary instructions to the field to carry out its policy.

Based on the experience of the past two years, three out of every four dollars appropriated for the entire Mutual Security Program will be immediately spent within the United States for commodities, services, machinery, and other items. Insofar as feasible and consistent with the effective meeting of our goals overseas, the commodities will include food, cotton, coal, and other goods for which our capacity or surplus supply most readily matches requirements. Approximately \$350 million of agricultural products are expected to be used in the Fiscal Year 1955. This includes a significant export of major surplus crops. Shipments under the Mutual Security Program will be in addition to but coordinated with sales of surplus agricultural commodities for foreign currencies under the Agricultural Trade Development and Assistance Act.

The other twenty-five percent of the dollars will be spent overseas in a manner that will add directly to the accomplishments of the Mutual Security Program. For example, the offshore procurement contracts assist in establishing a defense production base in key points in the free world. In addition, these expenditures will indirectly add to the power of other nations subsequently to purchase with these dollars other needed goods from the United States.

I recommend continuance of the authority in the present Mutual Security Act to meet unexpected events by transfer of funds, appropriated for one geographic area or purpose, to another geographic area or purpose. Experience in recent years has demonstrated that flexible authority is highly desirable to move with dispatch to meet new circumstances, to overcome new dangers, or to capitalize upon favorable developments.

New procedures approved by the Congress last year now make possible maximum integration of domestic procurement of military equipment for our own and allied forces, increased flexibility in the flow of military equipment to our allies and greatly simplified procurement and accounting

arrangements. Under the new procedures, the military departments procure most of the equipment for this program as a part of their regular procurement operations, with military assistance funds reserved to repay the Services at the time the equipment is delivered. Under present law, military assistance funds which are reserved remain available for obligation and expenditure until June 30, 1957. To further improve the present arrangements, I recommend that current and proposed military assistance funds be made available until expended, as is now provided in the case of most Department of Defense appropriations for procurement.

In conclusion, I wish again to emphasize the essential role of the Mutual Security Program. The program for the area of free Asia has had a thorough review by all the Departments of the Government concerned, and it has been recommended to me by the Council on Foreign Economic Policy and the National Security Council after extensive study.

We are making renewed and intensified efforts to develop a successful basic policy on the question of disarmament and we will persist in this effort. But until success is assured beyond doubt, the best prospects of peace and the grim essentials of security together demand the continuance of both our national and mutual defense programs.

The other free nations need the United States, and we need them, if all are to be secure. Here is a clear case of interwoven self-interest. The necessary expenditures to equip and maintain United States armed forces of air and land and sea at strategic points beyond our borders are never called aid. The necessary expenditures to enable other free nations associated with us to equip and maintain vital armed forces at these same strategic points beyond our borders should not be considered as aid. These, in fact, are defense alliance expenditures clearly safeguarding in the most desirable manner, and at times in the only possible way, the security of the United States and of other free nations.

Our economy cannot be strong and continue to expand without the development of healthy economic conditions in other free nations, and without a continuous expansion of international trade. Neither can we be secure in our freedom unless, elsewhere in the world, we help to build the conditions under which freedom can flourish by

destroying the conditions under which totalitarianism grows—poverty, illiteracy, hunger and disease. Nor can we hope for enduring peace until the spiritual aspirations of mankind for liberty and opportunity and growth are recognized as prior to and paramount to the material appetites which Communism exploits.

Apart from any obstacles created by the Communists, this is a long-term process. Patience, resourcefulness and dedication are required as well as the creative application of knowledge, skill and material resources to the solution of fundamental human problems, ancient in their origin. In that spirit, the Mutual Security Program is designed for the benefit of all free nations.

DWIGHT D. EISENHOWER

THE WHITE HOUSE,
April 20, 1955.

LETTER TO SECRETARY DULLES¹

APRIL 15, 1955

DEAR MR. SECRETARY:

The Mutual Security Act of 1954 provides for termination of the Foreign Operations Administration by June 30th of this year. Accordingly, I shall issue within a few days an Executive order transferring the affairs of the Foreign Operations Administration, except for certain military functions which are charged to the Defense Department, to the Department of State as of June 30, 1955. Any subsequent transfers, modifications or elimination of functions, or other organizational changes, that should be determined advisable or necessary, prior to June 30, under the guide lines given here, will be covered in a supplementary Executive order.

The Foreign Operations Administration, established two years ago, was intended to centralize all governmental operations, as distinguished from policy formulation, that had as their purpose the cooperative development of economic and military strength among the nations of the free world. That function it has performed well, but the Foreign Operations Administration has been regarded by many as merely a temporary unit of Government, established solely to meet certain short-term economic and military requirements. It has come to be widely recognized, however, that the func-

¹ Released to the press at Augusta, Ga., on Apr. 16.

tions and the need for cooperative development of economic and military strength among the free nations are continuing and integral parts of the fabric of our international relations. The new organization is intended to reflect this public recognition.

The placing of general responsibility for economic operations as well as for policy in this field within the Department of State offers assurance that, under a permanent government establishment, we are providing a long-range basis for this kind of international cooperation. It is emphatic recognition of the principle that the security and welfare of the United States are directly related to the economic and social advancement of all peoples who share our concern for the freedom, dignity, and well-being of the individual.

In the reorganization of Mutual Security activities two years ago, there was set forth a number of applicable basic considerations. In our discussions of recent weeks we have agreed that those considerations are still valid and should apply to the new organization and to the new administrative arrangements in the Department of State. This letter summarizes our discussions of these matters and of the arrangements which should govern the future operations of the Mutual Security Program.

Two years ago I stated that the Secretary of State, under the President, must be the official responsible for the development and control of foreign policy and all relations with foreign governments, to include policies affecting mutual security. The policy authority then fixed in the Secretary of State is now extended to include supervising authority over operations. The Executive order will provide for this.

It also was stated that related mutual security operations should be brought together in a single organization under a single management. Consistent with this approach we should avoid dispersal of operating responsibilities either within the Department or to agencies outside the Department.

A third objective stated in 1953 was the freeing of the Secretary of State from operating responsibilities so that he, assisted by his Under Secretary, could devote a preponderance of attention to foreign policy. These two important considerations are recognized in the Executive order which will assign maximum responsibilities to a single key official within the Department of State.

In accordance with these organizational guidelines, the following administrative arrangements will obtain within the Department of State:

1. A new semi-autonomous organizational unit, to be known as the International Cooperation Administration, will be established in the Department of State, to carry out the transferred functions.

2. Provision will be made for a Director of the International Cooperation Administration who will be the key official within the State Department referred to above.

3. The Director of the International Cooperation Administration will report directly to the Secretary of State and will, on the Secretary's behalf, give supervision and direction to the mutual security operations performed within the State Department.

4. Except for those matters which, because of their nature, require final decision by the President, the Secretary of State will be responsible for coordinating all mutual security programs, which will of course include the establishment of arrangements with the Secretary of Defense for effectively coordinating mutual security programs involving the Department of Defense.

5. Since time is pressing, it is essential that the work of reorganization begin without delay. The key to success is the individual selected to head the new bureau within your Department. He must be a man of such stature and standing and of such operational experience that you can trust him with full responsibility in the field of operations, so as to minimize the demands upon your own time.

If such a man is now known to you and available for the position, please recommend him to me promptly. If you need more time in the selection of a qualified person, then I request that you get in touch immediately with Mr. Joseph M. Dodge, who has been acting for me in working out the general principles of this reorganization, so that with him you may devise and set up temporary machinery fitted and empowered to begin at once the work of reorganization.

6. I am instructing the Director of the Bureau of the Budget and my Advisory Committee on Government Organization, in connection with their general responsibilities for advising me on Executive Branch Organization, to give close attention to the new organizational arrangements and to recommend such organizational improvements as will be considered appropriate.

7. Any advisable or necessary changes in organization and personnel should be accomplished in a manner that will ensure equitable treatment to the Government personnel employed in the Administration of the transferred programs.

8. The appropriations for all the mutual security programs for the fiscal year 1956 should be made to the President, who will, as in the past, delegate the allocation of funds and other authorities to the appropriate agencies, at the same time setting certain limits on their exercise and reserving certain determinations to himself.

No major reorganization of this character can be accomplished quickly and to attempt to do so could jeopardize the implementation of existing programs which are so important to our relations with other nations. The Foreign Operations Administration has a large staff which operates in

many countries and administers a number of different but related programs. It will take a minimum of six months to effectuate the desirable changes without unnecessarily disturbing projects and programs now under way.

It will, therefore, be necessary to obtain as part of the legislation to extend the mutual security programs beyond June 30, 1955, authority similar to Section 525 of the existing Act which would give flexibility for a period of at least six months after the effective date of the transfer of the Foreign Operations Administration.

Sincerely,

DWIGHT D. EISENHOWER

The Honorable JOHN FOSTER DULLES
The Secretary of State
Washington, D. C.

Seventh Semiannual Report to Congress on the Mutual Security Program

The President on March 14 transmitted to the Congress a report on the mutual security program for the 6 months ended December 31, 1954.¹ Printed below are the texts of the letter of transmittal; chapter I, entitled "Changing Direction and New Opportunities"; and the introduction to chapter II, "Far East and Pacific." The remaining chapters are entitled "Near East, Africa, and South Asia," "Europe," "American Republics," and "Other Parts of the Program."

PRESIDENT'S LETTER OF TRANSMITTAL

To the Congress of the United States:

I am transmitting herewith the Seventh Semiannual Report on the Mutual Security Program. This report covers operations during the 6-month period June 30th–December 31st, 1954, carried out in furtherance of the purposes of the Mutual Security Act of 1954.

¹H. Doc. 97, 84th Cong., 1st sess. For an excerpt from the report for January–June 1954, see BULLETIN of Sept. 13, 1954, p. 381.

During this period, you will note there was a significant acceleration of operations in Asia, where the bulk of the free world's population occupies its greatest land mass, and where Communism is stepping up its efforts of expansion.

These worldwide programs of military aid, economic development and technical cooperation are increasing the military security and economic progress of the United States and our cooperating partners in the free world.

DWIGHT D. EISENHOWER

THE WHITE HOUSE,
March 14, 1955.

CHANGING DIRECTION AND NEW OPPORTUNITIES

Mutual security activities during the second half of 1954 reflected a further shift in program emphasis to the economically less-advanced areas of the free world. This change in the pattern of United States foreign operations accords with the improvement in Western Europe's economic situa-

tion and responds to the current requirements and opportunities for effective support to those underdeveloped countries which have demonstrated their will to go forward by invigorating their own efforts for stability and development. At this juncture, such support has the potential to produce the greatest gains, in terms of long-term security and economic well-being, for the United States and the free world as a whole.

In the 6-month period covered by this report, economic and technical cooperation programs in a number of countries—Iran, Egypt, Guatemala, for examples—were reshaped and strengthened to take advantage of the enlarged possibilities for progress which stemmed from the recent settlements of long-standing difficulties. Additional quantities of necessary weapons and equipment were delivered to our partners in the free world defense effort. In some countries—Formosa, Thailand, Turkey—military aid programs were stepped up to keep pace with present security requirements. An agreement was worked out with the Government of the Republic of Korea which permitted the Korean reconstruction and development program to proceed at a faster rate. Half a million Vietnamese who fled the Communist regime were helped to move southward to start life anew under democracy. Plans were developed with countries in all parts of the world to use United States agricultural surpluses to a larger extent in the various programs abroad.

These multiple actions characterized the makeup and direction of the mutual security effort under the program authorized by the Congress for the current fiscal year of operation.

The Present Program

For the fiscal year which will end on June 30, 1955, a total of \$2.8 billion in new funds was appropriated by the Congress for mutual security purposes. In addition, \$2.5 billion of funds unobligated in previous years was authorized to be carried over for use in the current program. Virtually all of this carryover was earmarked for the supply of military weapons and equipment under the military aid agreements which we have with over 30 countries around the world.

New funds made available for mutual security programs have been reduced steadily in recent years, for the most part because of the growing ability of Western Europe independently to fi-

nance its requirements from the dollar area. This fiscal year's appropriation of \$2.8 billion was nearly \$2 billion less than that of the previous fiscal year, and some \$4.5 billion—or 62 percent—below the appropriation for fiscal year 1952, the year of the first Mutual Security Act.

For the 1955 fiscal year, roughly 45 percent of the new funds was appropriated for items which go directly to the armed forces of our partner nations to reinforce total free world security; about 15 percent was for programs which give additional support to their defense effort by providing economic assistance; and some 15 percent was for development assistance, technical cooperation and a number of other purposes such as the program to aid Iron-Curtain escapees, our contributions to United Nations programs and funds for western Berlin. The remainder is accounted for by a fund of \$700 million which was earmarked for assistance, as decided by the President, to the broad area of Southeast Asia and the Western Pacific. A portion of this fund has already been put to use for carrying out the movement and resettlement of the hundreds of thousands of refugees from communism in the Indochina region.

Midway in the reporting period, the Foreign Operations Administration finished its first full year of operation under the Executive order embodying Reorganization Plan No. 7. The several agencies consolidated into Foa had, at the time of their incorporation, significant differences in administrative, fiscal, and programming processes which affected nearly every phase of operations. To remedy this situation, Foa carried out a thorough management self-appraisal. This study produced a plan for the integration of the different existing systems into a single, comprehensive procedure for program planning, approval, and execution. The new processes are now in operation and permit a more effective use of assistance funds.

The total number of technicians required for overseas service is rising as the technical cooperation program continues to grow. In the face of these increasing requirements, there is a shortage of qualified technicians who are immediately available and suitable for work abroad. The integration of responsibility for all program operations has made it possible to streamline and accelerate the recruitment procedures, but overseas personnel recruitment continues to be a problem.

Spotlight on the Underdeveloped Areas

The importance of the underdeveloped areas of Asia, Africa, and Latin America has been brought home to us in many ways, in recent years with increasing and often disturbing emphasis as events on the world scene have heavily underlined the fact that the security and welfare of those areas are closely bound in with our own security and welfare. Together, the underdeveloped countries hold the bulk of the world's population, occupy the largest part of its land area, constitute the major source of its key minerals and raw materials, and contain many of its most valuable military bases. It is not difficult to perceive, therefore, why it is in our interest to be deeply concerned with the stability of these countries, their rate of economic growth, their ability to meet the enlarged requirements of their people, and the success of their present efforts to strengthen themselves and move forward in freedom by the democratic processes appropriate to their own society.

The Soviets, needless to say, are not unmindful of the vast human and material resources of the underdeveloped areas. If these resources should fall under Soviet influence, the road to the Communist end goal of world domination would be made relatively smooth.

Of late, the Soviet apparatus has been intensifying its campaign to persuade the people in the less-developed countries that for them the Communist way is the best way to achieve rapid economic progress. The USSR and Communist China have been trumpeting with increasing vigor about the enormous economic gains they are making, but omitting to cite the cost in human rights and the use of mass slave labor. Communist bloc nations have expanded their participation in trade fairs around the world, taking active part in 46 such fairs in 1954. In 1954 also, about 25 new trade agreements were effected between Soviet bloc countries and free world nations, particularly those in the underdeveloped areas; this brought to about 120 the total of such agreements in effect during the year. Specific offers of Soviet technical and capital assistance in industry and agriculture have been forthcoming in growing number. These developments can be viewed as part of a concerted effort by the Soviet bloc to augment its multifarious expansionist activities by moving with greater strength into the arena of economic competition with the West.

Self-Help and U.S. Support

Most of the underdeveloped countries, especially in the general region of Asia where since the war so many newly independent governments have undertaken self-rule, are well aware of the need to produce marked improvements in living conditions if they are to hold the loyalty of their people and keep alive the will to work out, by nontotalitarian means, the enormous problems that confront them. More and more of their national effort and budgetary expenditures are being directed into key projects which will help bring their agricultural, industrial, and power resources into full use. The Philippines, for example, is planning a basic economic development program calling for public and private investment of \$2 billion in 5 years. India is in the fourth year of its first 5-year plan which envisions substantial increases in agricultural and industrial production and expenditures of \$4.7 billion from governmental and private sources. On the other side of the world, the Latin American countries—Brazil, Bolivia, Guatemala, among others—also are striving to solidify their economic base. Plans such as these are expressive of a determination on the part of the underdeveloped countries to give top priority to meeting recognized needs for greater output, a more balanced economic structure, a better health environment, and a higher general standard of living.

The degree to which outlined targets are met depends, of course, on domestic financial and technical capabilities and the extent of external support. Another complicating factor is the cost of defense. In many cases, the pace of developmental progress is seriously slowed down by the need to support military forces which will preserve internal security and keep borders safe from aggression. Turkey spends about 40 percent of its total budget on various security and defense measures; Greece, about 35 percent; Pakistan, also about 35 percent. There are instances—as in Formosa and South Korea—where defense spending runs as high as 60 to 70 percent of total budgetary expenditures.

Under the mutual security program, the United States, along with its military assistance activities, has been contributing to the forward economic movement of the underdeveloped areas by various measures of defense support, technical cooperation, and supplemental development assistance.

Defense Support.—Mutual security programs of defense support are carried out in a number of countries which have signed military assistance agreements with the United States. The basic purpose of such support programs is to supply the supplemental economic resources which a participating country needs if it is to keep its military strength at an adequate level and at the same time maintain its economic and political stability.

The largest portion of funds for defense support has been programmed for the Republic of Korea.² Up to \$280 million of these funds was earmarked for fiscal year 1955 to help the Korean people rebuild their war-torn country and develop a more self-supporting economy. The implementation of the current program in Korea was delayed while the United States negotiated an agreement with the Korean Government on measures necessary to achieve the most efficient utilization of aid funds. Such an agreement was concluded in mid-November 1954, and the program began to move forward.³ Initial emphasis has been placed on the construction of power-generating plants, improvement of transportation facilities, and manufacture of certain basic products, such as fertilizer and cement. In addition, the program for Korea will finance imports of consumer goods in short supply to help fill civilian needs and counteract the domestic inflation caused in great part by the large governmental expenditures for the Korean military establishment. Defense-support measures in the Far East are also being carried out extensively in Formosa and South Viet Nam, and to a lesser extent in the Philippines, Thailand, Cambodia, and Laos.

United States activities in the Indochina region during the 6-month period were focused on the mass exodus from Communist-held territory in North Viet Nam.⁴ The United States Navy, together with French naval and air units, helped move some 450,000 Vietnamese who chose to abandon their homes and possessions rather than live in the oppressive atmosphere of communism; another 50,000 Vietnamese fled southward using

other means of transportation. United States agencies in Viet Nam, working with the local authorities and assisted by specialists in refugee resettlement and by voluntary relief organizations, helped build over 40 reception centers to provide the incoming Vietnamese with temporary facilities for shelter and care. By the end of 1954, nearly 300,000 of these refugees were already resettled in permanent locations in 11 provinces of south and central Viet Nam. Hand tools, housing materials, and other essential supplies were being furnished to aid the newly established villagers in their efforts to become productive contributors to the economy of free Viet Nam.

In the region of the Near East and South Asia, additional defense-support assistance is being given to Greece, Turkey, and Pakistan. Greece and Turkey are making a material contribution to total free world defense through their participation in NATO. Pakistan has undertaken a larger military effort which adds to total free world security; it requires economic assistance to meet its present urgent requirements for consumer goods and raw materials. During the 6-month period, Foa allotted additional funds to help Pakistan finance such imports.⁵

In Europe, the Foreign Operations Administration is providing defense-support aid in the current fiscal year to Italy, Spain, and Yugoslavia. Surplus agricultural commodities are being sold to the Federal Republic of Germany to support the rehabilitation effort in West Berlin. The impressive gains scored by Western Europe have made it possible to close out our economic assistance programs in most of the countries of that area.

Technical Cooperation.—Joined with the United States in technical cooperation programs at the end of 1954 were 15 countries and 11 territories in the Near East, South Asia, and Africa; 19 countries and 9 territories in Latin America; and 9 countries in the Far East—all participating in the growing effort to share technical knowledge and skills for the betterment of the free world.

The concept of technical cooperation, in a relatively short span of years, has been given practical application in nearly every part of the globe.

² For an article on "United States Economic Assistance to Korea, 1945-1954," see *ibid.*, Feb. 21, 1955, p. 296.

³ For text of the Agreed Minute initialed at Seoul on Nov. 17, 1954, together with appendix A covering the economic program, see *ibid.*, Nov. 29, 1954, p. 810.

⁴ See also "Exodus: Report on a Voluntary Mass Flight to Freedom, Viet-Nam, 1954," *ibid.*, Feb. 7, 1955, p. 222.

⁵ See also "The Development of United States Policy in the Near East, South Asia, and Africa During 1954: Part III," *ibid.*, Feb. 28, 1955, p. 338. For texts of defense-support and surplus commodity agreements with Pakistan, see *ibid.*, Feb. 21, 1955, p. 308.

It has attracted thousands of enthusiastic adherents, even winning over the more skeptical, as farmers, villagers, and factory workers have directly experienced material benefits in terms of more food, improved health and housing, more productive techniques, and better educated children. Because of these progressive gains, the participating governments not only have multiplied their requests for technical cooperation but they also have substantially enlarged their contributions of funds, facilities, and personnel to the many joint projects under way. These contributions have risen to the point where, on an equivalent value basis, they now average two to three times our own.

In response to the broadened demand for specialist skills and demonstration projects, Foa currently has about 1,750 technicians in the field working with cooperating governments and people on joint programs. These programs include technical assistance in individual pilot and training projects in eight main fields which are fundamental to the advancement of an underdeveloped country: agriculture and natural resources; industry and mining; transportation; labor; health; education; public administration; and community development. They include such activities as demonstrating water-spreading and irrigation techniques in the Arab States, helping to establish national rural extension services in Iran and India, teaching health technicians to carry on independently in Brazil's Amazon Valley area, demonstrating practical education methods in Ethiopia, and assisting in mineral surveys and core-drilling in the Philippines.

More foreign nationals have been brought to this country for training programs which permit first-hand study and observation of American technology and principles. There were several new training programs initiated in the second half of 1954. Foa joined with the American Farm Bureau Federation to sponsor a training program which will bring, over a 2-year period, 600 young farmers of friendly foreign countries to the United States to live and work with American farm families. About 200 will be brought in 1955, and another 400 in 1956. After 1956, the Farm Bureau plans to continue the program with the cooperation of farm organizations in the countries involved. Such agricultural work-training programs have proved a most effective means of giv-

ing young people of other nations a better understanding of American ideals and rural community life.

To afford the Guatemalan people, recently freed from Communist domination, an opportunity to see democracy at work, 100 teachers from Guatemalan public schools were brought to the United States for special courses at five southwestern universities. The sum of \$1.3 million was allocated for technical cooperation programs which are being drawn up jointly with the newly formed Government of Guatemala.

In another phase of the effort to help people from the underdeveloped areas broaden their understanding of the problems that confront them, Foa sponsored an "Institute on Economic Development" at Vanderbilt University in Tennessee.

Participants brought to this country under the technical cooperation program had expressed the need for a greater comprehension of the different problems that arise as a country's economy develops and expands. They were particularly interested in this evolutionary process as it had taken place in the United States. The Institute at Vanderbilt University furnished an opportunity for the foreign participants to study the diverse factors which influenced American economic development, using conditions in their own lands as a frame of reference. In this way, they were enabled to apply the specialized knowledge acquired in technical cooperation training programs to particular situations encountered in their home environment. From every report, the Vanderbilt Institute program was a success, and similar institutes are therefore being planned.

American voluntary agencies are assisting Foa in a number of technical cooperation activities, particularly those which deal with community development. Under contract with Foa, the Near East Foundation is carrying forward a demonstration community development project in Iran, and similarly the Society of Friends is working in India. The International Voluntary Service has established a training school for village workers in northern Iraq.

The 6-month period saw an increase in the number of American educational institutions taking part in technical cooperation as well as an expansion of the fields in which they are working. As of December 31, 1954, a total of 43 colleges and

universities were carrying out 59 contracts for technical cooperation in the underdeveloped areas of the world, 13 more colleges and universities and 23 more contracts than at the end of the preceding 6-month period. Examples of the new university contracts were: University of Michigan to assist in operations of a training school for mechanics in Mexico; North Carolina State College to help Peru's National School of Engineering in textile engineering instruction; University of California to assist National Taiwan University on Formosa to improve agricultural research and extension; Tuskegee Institute to work with the Ministry of Education in Indonesia to develop technical skills needed for the economic progress of the country; Colorado A. & M. College and University of Pennsylvania to advise universities at Peshawar and Karachi in Pakistan on educational training and public and business administration.

Following the procedures used in other technical cooperation programs, university contracts are initiated through the foreign government which requests such assistance. By these various types of university contracts, the United States is helping to encourage the buildup of indigenous sources which will be able to provide, on a continuing basis, the technical training and administrative skills, and the advisory and extension services which underdeveloped countries so urgently need to speed their rate of progress.

Development Assistance.—This type of assistance in general finances the procurement of the equipment and commodities which, when integrated with available resources in a particular country, will make it possible to carry out selected key activities in its development programs. A limited amount of development assistance is being furnished to certain countries in the underdeveloped areas, primarily in the Near East, Africa, and South Asia.

During the second half of 1954, the Foreign Operations Administration authorized additional assistance for Iran to provide foreign exchange for essential imports, pending the return of Iranian oil to world markets. Commodities and equipment were programmed for Jordan and Lebanon under the first development assistance agreements concluded with Arab states. Such assistance will help these two countries in their efforts to push ahead with some of their plans for improved irrigation, more food production, and better roads

and housing. An agreement also was concluded with Egypt, and \$40 million will be provided for development projects, mainly in transportation and water supply for rural areas. Final agreements were worked out with the Government of India to augment the capital structure of a privately controlled industrial development corporation to be established in India. The equivalent in rupees of up to \$15 million will be loaned to the new Industrial Credit and Investment Corporation from funds derived from the sale of steel imported under the mutual security program. Additional capital, in the amount of about \$20 million, will be contributed by the IBRD and private interests.

Some development assistance funds are also being used in Latin America. In line with the United States pledge of support to the new Communist-free Government of Guatemala, Foa has undertaken, in addition to the technical cooperation programs previously mentioned, to assist the Guatemalan effort for economic recovery by contributing commodities and equipment to critically needed development and construction projects. During the period also, Foa sent an Area Development Survey Group to Bolivia to study means of developing sections of the 80 million acres of virtually unpopulated and uncultivated lowlands around Santa Cruz. The Group has completed its evaluation, and its recommendations are being studied in connection with Bolivia's own development plans.

In programming development assistance activities, Foa has made provisions where possible to put the aid furnished on a repayable basis. For this fiscal year, a minimum of 30 percent of all development assistance financing will be in loan form, in accordance with the Mutual Security Act of 1954. In general, these loans are being negotiated within the framework of long-period, low-interest terms.

Capital Is a Major Need

United States technical cooperation and limited development assistance are presently giving important support to specific phases of the self-development effort, but such assistance can do only part of the job. More comprehensive measures must be undertaken if hundreds of millions of people are to be given a fair chance to earn more than just the bare necessities of life, and if

they are to be kept from turning away in sheer desperation and disillusionment from the free world association.

The achievement of a fuller and more rapid growth is vital not only to the economies of the underdeveloped areas. It is vital also to the entire free world economy, for the economic expansion of the more advanced nations, including our own economic expansion, is directly tied in with the rate of increase in production and consumption of the less developed countries and with the contraction or enlargement of their export and buying power. As fully participating sellers and purchasers in a thriving world market, the presently underdeveloped countries can immeasurably further the prosperity and welfare of us all. Handicapped in their growth, they handicap us all.

The problem of economic underdevelopment is a perplexing one which has been the subject of numerous studies over the past few years. These studies, while varying in emphasis and approach, have generally served to identify the main elements of the problem. Though the list of obstacles to economic development is a long one, one of the more important retarding factors is the lack of capital resources. With the great bulk of their people barely meeting their minimum daily needs so that there is little or no opportunity to accumulate monetary savings, the underdeveloped countries cannot now generate independently sufficient domestic capital to finance establishment of the basic production, transportation, power, and communications facilities upon which agricultural and industrial improvement so heavily depend.

There is an additional difficulty in that these basic facilities must not only be established as primary ingredients of a balanced economic expansion, but they must also be developed in coordination with one another. It does little good to increase the output of a particular product, for example, unless means exist whereby that product can be brought to the market place. If it is a commodity intended for internal consumption, such as wheat or rice, there must be roads and railways by which it can be readily distributed within the country from places of supply to places of demand. If it is an export commodity, such as tin or rubber, ports must be available to connect with world trade channels. The construction of the necessary freight cars and dock cranes calls for metal-processing plants and power plants. The establish-

ment of such plants, in turn, must be geared to the power of the economy to absorb and use the added capacity, to the technical skills available, and to the ability to shift manpower and other resources without crippling dislocations. This is but one illustration of the whole complex chain of factors that need to be considered in proper relationship if development is to proceed in an effective way.

In some countries, the slow rate of indigenous capital formation is offset to a large degree by a substantial inflow of private and public financing from abroad. Outside resources of this type have been an invaluable stimulant to broadened country development. The hard fact is, however, that many of the underdeveloped countries are still far short of capital for even modest improvement of plants or public services. This is particularly true in Asia where political hazards, remoteness, internal insecurity, and a general lack of consumer purchasing power, in combination, have held private foreign investment to a trickle. United States net private direct investment in South and Southeast Asia since World War II, excluding reinvested earnings, has averaged about \$12 million a year, compared to a postwar average annual investment of about \$220 million in Latin America and \$200 million in Canada.

Under present conditions, private capital availability is not sufficient to eliminate the need in Asia for initial public financing measures, through long-term loans where feasible and through grants where necessary, which would put critically needed development projects into motion. By gradually building up their basic facilities and public services and eliminating the present obstacles to productive enterprise, and by thus engendering a climate of rising confidence and stability, the Asian governments will have established the conditions necessary to attract greater contributions of private risk capital, both indigenous and foreign.

At the same time, these governments can take a number of measures which will stimulate an immediate expansion in the flow of private capital from internal sources. They can move ahead more rapidly in establishing sound budgetary and fiscal policies, reforming inequitable tax structures, and otherwise providing greater incentives for private investment. Many of the governments already are working successfully along these lines.

The present shortage of capital in the under-

developed areas in general cannot be overcome without some initial financial impetus being supplied from the outside. It becomes a question, then, of those nations which require capital financing to explore with those nations on this continent and in Europe, which have the means for such financing, the many possibilities for supplementary, coordinated actions which would help remove the clogs to economic progress and assist the endeavors of millions of people to translate their vast development potential into development actuality.

Military Assistance for Mutual Security

The multi-nation conferences undertaken in the latter part of 1954 to strengthen free world security measures directly involved the scope and operations of our military assistance programs.

In Europe, the London and Paris proposals for a Western European Union, which would ally Germany with NATO as a full member, brought the question of military assistance to the Federal Republic into sharpened focus. To be ready for rapid action upon conclusion of the necessary European agreements, the Departments of State and Defense devoted attention to plans for meshing United States military aid capabilities with Germany's requirements and responsibilities as a NATO partner in the defense of Europe. These plans involved such matters as preparation for a bilateral assistance agreement with West Germany and the establishment of a United States Military Assistance Advisory Group in the country. Ratification of the agreements also would permit negotiation on other aspects of the mutual security program, such as the provision of priority weapons and military training.

United States military aid shipments to Europe during the second half of 1954 slackened off somewhat, pending the outcome of negotiations on the Western European Union. Deliveries of some \$700 million worth of weapons and equipment were made during the 6-month period. These deliveries included, in addition to military equipment for NATO nations, equipment for the armed forces of Spain and Yugoslavia to help those countries strengthen their capabilities for defense. Cumulative materiel shipments to Europe (excluding Greece and Turkey) through the end of 1954 amounted in value to \$7.4 billion.

The fourth annual review was held in the last

months of 1954 to assess NATO's present military capabilities and the future direction of its efforts. Discussions held by the 14 NATO member nations indicated that European expenditures in fiscal year 1955 for military security will continue at a rate of about \$11 billion, about the same level as in fiscal year 1954 and more than twice the amount spent for defense before the Korean conflict. Priority will remain on improving the effective strength and readiness of existing forces, rather than on achieving numerical increases. The annual review showed that although NATO forces at the end of 1954 were larger and in a better state of preparation than at the beginning of 1954, they did not fully meet the goals set for the year. Continuing modernization of existing forces, however, particularly the air components, together with the introduction of new weapons and a growing nuclear capacity for NATO support, is enabling the Western alliance to build and maintain the strength necessary to repel at the threshold an all-out aggressive attack in Europe.

In the Far East, the United States had shipped, under the mutual security program, \$1.9 billion worth of military weapons and equipment to the countries of the area through December 31, 1954. Military aid to Thailand was increased; in addition, more funds were programmed for defense support in the country. In November, the necessary ratifications were exchanged to bring into force the Mutual Defense Treaty between the United States and the Republic of Korea. In December, the United States and the Republic of China on Formosa signed a Mutual Defense Treaty.

In the Near East, Africa and South Asia, United States military aid shipments were continued to Greece and Turkey to assist the efforts of these strategically located nations to fulfill their NATO military commitments. Initial deliveries of weapons and equipment were made to Pakistan and Iraq under the recently concluded military assistance agreements, and United States Military Assistance Advisory Groups were established. Additional military supplies and training were furnished to Iran and Ethiopia. In Latin America, arrangements were made to permit the new anti-Communist Government of Guatemala to purchase limited amounts of military equipment for strengthening its internal security.

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the Department of Defense of weapons, ammunition, and other military equipment have expanded substantially the defense capabilities of the many nations with which the United States has concluded military assistance agreements. The value of such shipments during the second half of 1954 amounted to \$1.1 billion. The total value of military grant aid shipments to all parts of the world, from the beginning of the military assistance program in October 1949 through December 31, 1954, amounted to \$10.5 billion.

On a global basis, the major items delivered through December 1954 included:

- 146,644 electronics and communications items
- 206,836 motor transport vehicles
- 36,714 tanks and combat vehicles
- 36,538 artillery pieces
- 50 million rounds of artillery ammunition
- 868 Navy vessels
- 6,416 aircraft

Over 2.2 million small arms and machine guns were shipped, along with about 1.6 billion rounds of small-arms and machine gun ammunition.

Offshore Procurement.—Through the end of calendar year 1954, the United States had placed in friendly countries a total of \$2.6 billion worth of contracts for procurement of military items.* Under these offshore procurement contracts, our military partners are manufacturing for us certain armaments and equipment for use in our military assistance programs. Such contracts help our allies to strengthen their basic facilities for defense production and reduce their dependence on the United States for replacements and spare parts.

The bulk of these contracts, \$2.5 billion out of the \$2.6-billion total, has been placed in European countries. The remainder has been placed in Greece, Turkey, Japan, Formosa, and the Philippines. Through December 31, 1954, the United States had paid for \$1 billion worth of military materiel manufactured overseas, of which over \$900 million worth had been turned over to recipient governments.

These far-spread military assistance measures to reinforce the defense efforts of our partner nations are increasing the collective ability of the whole free world to construct a shield against aggressive attack anywhere, so that independent

peoples can work in peace and freedom for their economic and social advancement.

FOA Farm Surplus Programs

To put United States surplus farm products to constructive use overseas, FOA is currently working on three broad programs.

First, it is selling cotton, corn, wheat, beef, dairy products, fruits, fats, and other surplus agricultural commodities to friendly foreign countries which pay in their own currencies. These sales are made in connection with our mutual security program to meet the congressional requirement that not less than \$350 million of mutual security funds be used in fiscal year 1955 to finance the export and sale of American agricultural surpluses. By December 31, 1954, FOA had authorized sales of \$103 million worth of such surpluses to 11 countries. Other negotiations are in process, and it is expected that the \$350-million target will be met before June 30, 1955. The local currencies obtained from these surplus sales will be used for purposes which would carry out the objectives of the mutual security program.

Second, FOA is working with other United States Government agencies, under title I of the Agricultural Trade Development and Assistance Act, in a 3-year program to sell up to \$700 million worth of surplus commodities for foreign currencies.⁷ During the July-December period of 1954, it assisted the Department of Agriculture in the initial preparation of detailed sales proposals, and by the end of 1954 programs were approved under title I to sell over \$335 million worth of surplus products to eight countries. Sales for the current fiscal year, ending June 30, 1955, are expected to total about \$453 million, calculated on the basis of Commodity Credit Corporation investment in the commodities and handling costs.

Third, FOA is providing assistance, under title II of the Agricultural Trade Development and Assistance Act, in meeting famine or other urgent relief requirements of friendly peoples. Nearly \$70 million worth of surplus commodities was used under title II for disaster and other relief purposes in the 6-month period covered by this report. Food and feedstuffs, marked as gifts from the American people, were distributed

* For a report on offshore procurement by the U. S. European Command, see *ibid.*, Oct. 18, 1954, p. 567.

⁷ For a report by the President to Congress on activities under the act, see *ibid.*, Jan. 31, 1955, p. 200.

through the League of Red Cross Societies to assist the distressed peoples in the flooded area of the Danube Basin in Europe, even reaching places behind the Iron Curtain. Shipments of 375,000 tons of wheat were authorized for Yugoslavia to help meet its urgent requirements for food. The people of Haiti, stricken by Hurricane Hazel, were helped through a critical period of need by timely shipments of rice, flour, cornmeal, and other food items. Some of this food was rushed to Haiti by air to relieve spot shortages on a priority basis until the necessary arrangements for ocean shipping could be made. Emergency shipments were made also to Bolivia, Pakistan, Nepal, and Libya.

FOA also carried out for the second year a program to distribute food parcels during the year-end holidays to families in all parts of the free world. Food packages, marked with the clasped-hand symbol of the United States mutual security program, were delivered to some 20 American nonprofit voluntary agencies for wide-scale distribution to families in 45 countries. These food packages brought a message of good will from the American people during the holiday season.

FAR EAST AND PACIFIC

The United States worked closely and actively with other interested free nations in the second half of 1954 on measures to strengthen the security structure in the Far East. Free world security arrangements in the area grew in strength and number. Existing security pacts with Australia, New Zealand, the Philippines, and Japan were augmented by the final exchange of ratifications on the Mutual Defense Treaty with the Republic of Korea, by the conclusion of a defense treaty with the Republic of China on Formosa, and by the new arrangements under the Southeast Asia Collective Defense Treaty.

The Southeast Asia Collective Defense Treaty, which includes Australia, France, New Zealand, Pakistan, the Philippines, Thailand, the United Kingdom, and the United States, provides that in the case of aggression by armed attack each of the countries will act to meet the common danger in accordance with its constitutional processes. The treaty further provides that if any party believes that the integrity of the treaty area is menaced

by armed attack, the parties shall consult immediately to agree on measures which should be taken for the common defense. Only a Communist armed attack will be regarded by the United States as necessarily dangerous to our peace and security. The protocol also extends treaty benefits to Cambodia, Laos, and free Viet Nam. It must be noted, however, that the Indochina armistice created certain obstacles to these three countries becoming actual parties to the treaty at the present time.

Nations in the Far East with which we have military assistance agreements are being furnished with modern aircraft, weapons, and other supplies to fill equipment shortages and are being given training guidance to enable them to put their armed forces into position for effective defensive action. Cumulative shipments of military materiel to these nations through the end of 1954 amounted in value to \$1.9 billion.

The terms of the cease-fire agreement in the Indochina region prohibited the shipment of additional military equipment into Viet Nam. Consequently, except for providing maintenance and spare parts for the ships and planes needed to assist in the evacuation of North Viet Nam, such shipments were suspended on the effective date of the agreement. The military supplies originally earmarked for the Indochina area either were diverted, or are being reprogrammed, to assist the buildup of forces in other countries receiving military assistance.

The buildup of military defensive strength is an urgent requirement for achieving greater security in the Far East, but it is by no means the sole requirement. The same physical proximity to the centers of communism which brings the threat of military aggression so close to the borders of free Far Eastern nations also provides wide opportunities for subversive tactics, particularly those which seek to exploit the popular discontent that results from inadequate economic progress.

The independent governments of the Far East are laboring under handicaps of insufficient financial resources, heavy defense costs, and technical and professional shortages everywhere. These governments are making strenuous attempts to push their economic development programs forward at a rate which will satisfy the immediate needs of their people and demonstrate in a tangible way that the democratic method, rather than the Communist method, is the right way of raising

living standards. They must be helped in their efforts to succeed, for success will not only bring them greater stability and hope for the future; it will also keep valuable human and material resources on the side of the free world. On the other hand, failure could produce only the greatest of setbacks for all freedom-loving people.

Mutual security activities have centered more and more in the Far East in recognition of the immediate need for external aid in the development of the area's indigenous resources and skills. For the fiscal year 1955, mutual security programs for the Far Eastern countries, other than programs for military assistance and direct forces support, total about \$555 million.^a

Though they may vary in length and direction, the roads that each country must traverse on the way to satisfactory economic development cover similar terrain and present the same obstacles to progress: an economy too greatly weighted in favor of agriculture, undue dependence on a few main export items for exchange, widespread illiteracy and poor health conditions, and an inadequate rate of capital formation to initiate the necessary corrective measures. Japan, with a more developed and diversified economy, is in somewhat of a more favorable position, but it suffers from the inability of other Far Eastern nations to purchase more of its products and from the need for large imports of raw materials.

The countries of the Far East are seeking, to a greater extent than heretofore, ways by which regional and interregional action can promote more rapid economic development and thus increase their internal stability and standards of living. The membership of the Consultative Committee of the Colombo Plan has been broadened to include additional countries in the area, and the Consultative Committee has the potential for becoming more important as a vehicle for coordinating and accelerating country development programs. In the Southeast Asia Collective Defense Pact, the signatory countries agreed to cooperate in promoting economic progress and social well being. As the year 1954 ended, various exploratory discussions and policy reexaminations were taking place with a view to bringing about more effective development programs.

^aProgram data in this chapter reflect approved programs as of March 1, 1955. [Footnote in the original.]

Recent Developments in Foreign Relations

Statement by Secretary Dulles

White House press release (Augusta, Ga.) dated April 17

I gave the President a review of recent developments in the field of our foreign relations.

As regards Europe, I was able to report a steady progress in the program for bringing into force the treaties for German sovereignty, German entry into NATO, and the creation of Western European Union. I told the President that it was hoped to have a meeting of the NATO Ministerial Council early in May, on the assumption that the Federal Republic of Germany would, by then, be eligible to attend; and that at that time the Foreign Ministers would expect to discuss and, I hoped, advance concrete plans for new discussions with the Soviet Union.

We discussed the developments regarding Austria. All the facts are not yet known, and until they are, nothing should be taken for granted. But on the basis of what is known, it seems that the Western nations are beginning to reap the first fruits of a policy of patient firmness. It seems that the Soviet Union now is willing to alter its 10-year stubborn policy of maintaining indefinitely Red forces of occupation in Austria. The change is, I believe, a first dividend resulting from the assurance of increased unity and strength in Western Europe. I have always felt that unity in Western Europe would make more likely constructive action by the Soviet rulers.

I reported to the President on the situation in Viet-Nam. There, the Central Government grapples with the problem of bringing about national unity. That, above all, involves the authority of the Central Government over the National Police now controlled by a Saigon group known as the Binh Xuyen. It also involves relations with the Hoa Hao and Cao Die sects, which exercise some independent authority within certain areas. The situation is difficult, but the present problems are neither unexpected nor insoluble. There is no reason for discouragement.

In relation to China, we discussed the grave implications of an extensive buildup, now in progress, by the Chinese Communists of offensive airpower on the China mainland opposite Formosa.

In this connection, President Eisenhower spoke of the Bandung conference, now opening. He

expressed the hope that it will heed the universal longing of the peoples of the world for peace and that it will seek a renunciation of force to achieve national ambitions. The President hailed the Bandung conference as providing an opportunity, at a critical hour, to voice the peaceful aspirations of the peoples of the world and thus exert

a practical influence for peace where peace is now in grave jeopardy. Such an influence, if it prevailed, would open a new era of social and economic advancement for the Asian-African peoples and provide them an opportunity to build solid and sustaining foundations for responsible self-government and durable national independence.

Pan Americanism—Product of a Great Design

Address by Secretary Dulles¹

A little over 6 weeks ago, at Bangkok, I reminded the Manila Pact Council that the foreign policy of the United States of America has always rested on two propositions. One is that we want peace and liberty for ourselves. The other is that we ourselves cannot be sure of either liberty or peace unless other nations have them likewise. And I pointed to the Rio Pact and the Organization of American States as being rooted in that primary and constant international policy of the United States Government.²

When President John Quincy Adams accepted the invitation for the United States to take part in the first international conference of American States, the Congress of Panama, 129 years ago, he stated an inter-American policy which is still our policy today. In a message to the United States House of Representatives, President Adams enunciated three principles upon which he deemed it would be wise to lay the cornerstone of all our future relations with the other independent American peoples, of which there were then only eight.

First and paramount of these, he said, was a refusal to look only to our own selfish advantage. Next was cordial good will, and third, fair and equal sovereignty. And he said of our proposed participation in that first inter-American conference—I quote his words:

¹ Made at the Pan American Union, Washington, D.C., on Pan American Day, Apr. 14 (press release 206).

² BULLETIN of Mar. 7, 1955, p. 373.

It may be that, with the lapse of centuries, no other opportunity so favorable will be presented to the Government of the United States to subserve the benevolent purposes of Divine Providence, to dispense the promised blessings of the Redeemer of mankind, to promote the prevalence in future ages of peace on earth and goodwill to man, as will now be placed in their power by participating in the deliberations of this Congress.

That the Congress of Panama will accomplish all or even any of the transcendent benefits to the human race which warmed the conception of its first proposer [continues President Adams' message] it were, perhaps, indulging too sanguine a forecast of events to promise. It is, in its nature, a measure speculative and experimental. The blessing of Heaven may turn it to the account of human improvement. Accidents unforeseen and mischances not to be anticipated may baffle all its high purposes and disappoint its fairest expectations. But the design is great, is benevolent, is humane.

We all know that there has been no lack of those unforeseen accidents and unanticipated mischances. All the American peoples have suffered them time and again in major proportions during the intervening generations. As a matter of fact, on a smaller scale, they struck at our own participation in the Congress of Panama itself. One of our two delegates died on the way, and the other arrived only after the Congress had adjourned. Nevertheless, President Adams made clear our moral presence at that meeting.

Neither he nor Bolívar would have been surprised, their faith being what it was, in our presence here today. This House of the Americas is outward evidence of the kind of solidarity, based

on mutual trust among nations, which has become a guaranty of security to the free peoples of America and indeed one of the safeguards of freedom in the world.

Anniversary of Pan American Union

I am happy to recall also that this Pan American Day which we are celebrating is the 65th anniversary of the first meeting, here at Washington, of what became the International Union of American Republics, later to be known as the Pan American Union—a term now limited to the secretariat—and finally, as the tremendously significant Organization of American States.

This great inter-American system, which was first a vision and a dream and then an expression of faith, has become in our own time the most solid international organization of free peoples on earth. It is the family tree of America—its multiple roots deep in our common New World history—its 21 branches each a proud, independent nation, its rich fruits beneficial to all mankind. After more than a century and a quarter, Bolívar's prophetic declaration that in the freedom of the Americas lies the hope of the world has lost neither veridity nor immediacy.

It is historic fact that the active, effective cooperation of the American Republics during the past half-century has established working models for other areas. The structure of the United Nations itself benefited from our experience in the Americas, and the Organization of American States continues to be one of the regional groups which contributes to making the principles of the United Nations Charter more effective and more stable.

Similarly, the Rio Treaty, our Inter-American Treaty of Reciprocal Assistance, has served as a prototype for the North Atlantic and other mutual defense arrangements. The two fundamental features of the Rio Treaty are the provisions relating to collective self-defense and common action in the event of armed attack, and to the steps which should be taken when we are confronted with situations that threaten the peace and security of the American States but that fall short of an armed attack. The framework of many collective defense treaties which free nations have built since 1947 is based upon these two features.

The most recent example of free peoples joining

together to safeguard their independence is the Southeast Asia Collective Defense Treaty signed at Manila on September 8, 1954. In the preparation of this treaty it was recognized that perhaps the greatest threat confronting the parties in the area was that of subversion; that is, of aggression short of open, armed attack. Article 6 of the Rio Treaty was found to contain a most useful formula for covering this situation. The drafters of the Manila Pact consequently borrowed heavily from its idea and also from its actual language.

Thus it is clear that the Rio Treaty has contributed by precept and example toward fortifying the collective security of free men in both hemispheres. In this progressive action, regional cooperation of the kind in which this Organization has had over a half-century of experience is one of the surest bulwarks of global security and peace. We may all take satisfaction in the fact that, with the deposit of its ratification by Guatemala on April 6, the Rio Treaty is now in effect among all 21 Republics.

In his State of the Union Message in January, President Eisenhower emphasized the importance of two inter-American meetings held in 1954: the Tenth Inter-American Conference at Caracas and the Inter-American Economic Meeting at Rio de Janeiro. At the one, the American States closed ranks against international communism. At the other, they strengthened hemisphere economic ties.

Now I would like to discuss in our meeting here in the Hall of the Americas some policies of my Government which support and reinforce the objectives held in common, for our own countries separately and for the hemisphere, in our Organization of American States. They are policies which are rooted deep in United States history.

Hemisphere Security

The first major statement of United States foreign policy was a statement in behalf of hemisphere security. You know it well: President Monroe's message, which became a Doctrine, that there should be no further European colonization or the extension of the despotic political system of Europe to the American Hemisphere. Thus early we recognized the profound truth that, when one American people is endangered, all are in peril.

At Caracas last year the Tenth Conference of

American States gave the truth a further historic application. It there recognized that, if international communism should gain control of the political institutions of any one American State, that would be a threat to the security of us all. Mutual refusal to compromise with communism, mutual awareness that extension of Communist colonialism to this hemisphere would endanger the peace of America, heartened the people of a sister State so endangered and enabled them to recover their lost freedom.

Again the American States found it possible to take an advanced position, which other free areas of the world may find it possible in due course to follow.

The Government and the people of the United States are resolved to stand fast with the other American nations in actively maintaining solidarity against all and every danger. Consequently, we participate in specific programs to that end with our neighbor Republics electing to insure their own military defense and that of the hemisphere.

Comparisons of Dollar Aid

You have all heard and read, time and again, criticism of the United States on the score that we give far more dollar aid to other areas—Europe, the Near East, the Far East—than to our close neighbors and traditional friends, the sister Republics of this hemisphere. In fact, you have read and heard far more; for instance, that the economic ills of the other American Republics are due primarily to failure—or refusal—on the part of the United States to make loans to them and give them other help in building up their economies in anything like the measure in which the United States gives such help to Europe and the Far East.

I have never been able to comprehend so complete a misunderstanding of the nature and the purpose of our foreign aid. We have had to pour enormous sums into Europe as loans, grants, and expenditures because Europe is geographically nearer to military peril. As such, it is a frontier, not for defense of Europe alone but for defense of the United States, for defense of Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Cuba, the Dominican Republic, Ecuador, El Salvador, Guatemala, Haiti, Honduras, Mexico,

Nicaragua, Panama, Paraguay, Peru, Uruguay, and Venezuela.

Vast sums sent by the United States to Europe and to the Far East have had to be used for reconstruction of devastated regions in order to enable free men once again to take their part in the development, the maintenance, and the extension of the free world. Similarly, the United States has had to make enormous expenditures for the military installations which insure defense in Europe and elsewhere against mighty forces whose mere existence, poised and ready, is an unceasing threat to us all. For the same reason we have had to maintain abroad detachments of our own armed forces in great number, at an expense undreamed of in less perilous epochs of history.

The United States has had to make available great funds for grants, loans, manpower, equipment, military assistance on front after front. These have been emergency expenditures, whether for reconstruction or defense. At every moment and in every particular, they have been expended to safeguard security and peace for my country—and for yours.

We cannot make any valid comparison in terms of dollars between that kind of assistance in rebuilding, reestablishing, and reinforcing war-stricken nations continually in danger of new armed attacks and the type of assistance which we extend to Latin America. Let us rather thank God that this fortunate hemisphere has had no need for stationing such multitudes of troops within its confines; that there is no war devastation to be undone; that there is no need for constructing such extensive military installations as deterrents to a war which, if it came, would destroy civilization as we know it.

Our hemisphere has been spared the terrific devastation of large-scale modern war. We have not had to undergo the harsh rigors of manmade devastation affecting entire peoples. Alliance and interest for our common good motivate inter-American cooperation; and in general we are not building together in this hemisphere against war so much as for peace. It is our hope that our economic and technical assistance in Latin America will help stabilize national economies and raise living standards. It is our purpose to do our part in maintaining in America, which has long been freedom's dwelling place and the natural habitat

of peace and prosperity, the good partnership of the American peoples.

Eximbank Loans

There is one further thing I would like to say with respect to the economic relations of the United States with Latin America. The present figures indicate how much importance we assign them. The Export-Import Bank has adopted the policy of making sound economic development loans for which funds are not available from the International Bank nor from private sources on reasonable terms. The amount of our governmental loans in this hemisphere depends primarily, therefore, on the number of sound loan applications filed by other Republics. As a result of this liberalized policy, the Export-Import Bank loans for the Latin America area since January first of the present year represent 90 percent of its total credits; that is to say, out of total credits of \$184 million, Latin America has received \$167 million. To emphasize the amount of increase, it may be recalled that during the first 6 months of 1954, total Export-Import Bank credits were \$76 million, of which Latin America received \$39 million.

Our programs of technical cooperation have always seemed to me one of the most praiseworthy aspects of inter-American relationships. They bring improved conditions of health, of education, of utilizing the land. They make the hemisphere a better environment for us all, and they enlarge the horizons of opportunity for our children and our children's children.

Increasing the hemisphere's economic strength is an essential factor in inter-American solidarity. Economically, the national approach is basic and is preliminary to international cooperation whether bilateral or multilateral. Recognizing and acting upon the common need, inter-American programs of technical assistance have also been trailblazers for other peoples of the world. They serve as seedbed and experimental stations for trans-Atlantic and trans-Pacific programs of my own Government's Foreign Operations Administration, as well as for international cooperation in this important field. Bilateral hemispheric programs of technical assistance, one nation with another, and the multilateral programs of the Inter-American Economic and Social Council and the United Nations promote both the security and

the peaceful development of our peoples, contributing as they do to democratic progress by improving our national economies and raising our standards of living.

The final declaration of the Inter-American Economic Conference at Rio stated the agreement of the American nations on their economic objectives as follows:

These may be summarized as a determination to speed up the progress of each and every one of them within the framework of freedom and justice, through substantial intensification of our inter-American economic, financial, and technical cooperation.

Importance of Self-Reliance

At Rio, the United States delegation was forthright in presenting our approach to economic problems confronting the American Republics. We hold that each one of the American peoples has it within his power to maintain a strong and self-reliant economy. It is our purpose, as steadfast partner for the common objective of better living standards throughout the hemisphere, to cooperate toward achieving that strength, without loss of awareness on the part of any of us, that apparent strength is illusory unless there be also self-reliance.

In attaining our mutual objectives, we believe, for our own country as for each of yours, that private enterprise rather than government will take the initiative in pioneering and developing industrial fields. That has traditionally been the history of industrial development in America. President Eisenhower in his foreign economic policy message to Congress expressed clearly the attitude of the United States. He said:

The Nation's enlightened self-interest . . . require[s] a foreign economic program that will stimulate economic growth in the free world through enlarging opportunities for the fuller operation of the forces of free enterprise and competitive markets.

Through technical cooperation and development loans we hope to help the other American Republics diversify their economies and eventually to help lessen dependence on only a few commodities.

There is widespread recognition in my country of the preeminent importance of trade in the economies of the neighboring Republics. There is corresponding recognition of the great importance to our own economy of the Latin American export market for United States products. We know

that this market is made possible on a large scale only by United States purchases from Latin America.

The United States is prepared to consider on their merits proposals made on Latin American initiative that look toward regional trading arrangements, provided these meet certain criteria, especially provision for the maintenance of truly competitive conditions within any trading area that might be established.

I believe that just as a national economy must be viewed as a whole, not as a series of unrelated entities, so must we view inter-American economic relations. That is the logical and the practical viewpoint. The Organization of American States is taking this overall view and, through its agencies and specialized organizations, is making a concerted approach to improve the conditions and opportunities of life for the peoples of the hemisphere. The United States is establishing partnership with its neighbors in these enterprises, with full conviction that improvement of the American economy as a whole benefits our own national economy.

The cooperation characteristic of the inter-American system avoids on the one hand the snares and delusions of alien domination and on the other the pitfalls of narrow nationalism. The Organization of American States is also conscious that often the welfare of the many is the most certain good for the one. We are all aware of, all act in accordance with, what my distinguished predecessor, the late Charles Evans Hughes, termed "the inescapable relations created by propinquity . . . the privileges and obligations of neighborhood."

The inter-American system contributes to human development and progress our mutual guaranties of assistance which insure and preserve security. It contributes our mutual endeavors to maintain peace as the natural climate of the Western Hemisphere and our mutual concern that the American family of nations reap the greatest possible harvest from the seed sown in cooperation and nurtured in good will. The United States of America is proud to be a member of this associa-

tion of free and independent nations who hold steadfast to their great design of making peace a reality and freedom secure.

Letters of Credence

Cuba

The newly appointed Ambassador of Cuba, Miguel Angel de la Campa y Caraveda, presented his credentials to the President on April 21. For the text of the Ambassador's remarks and the text of the President's reply, see Department of State press release 220.

Consultation at Taipei Under Mutual Defense Treaty

The Department of State announced on April 20 (press release 217) that, in view of the tense situation which continues in the Formosa area, Assistant Secretary of State Walter S. Robertson and the Chairman of the Joint Chiefs of Staff, Admiral Radford, were that day proceeding to Taipei for a further consultation under the Mutual Defense Treaty between the United States and the Republic of China. They planned to arrive at Taipei on April 24.

Article 4 of the treaty provides that the treaty parties through their Foreign Ministers or their deputies will consult together from time to time regarding the implementation of this treaty. The first such consultation was held on March 3, when Secretary Dulles and the Chief of Naval Operations, Admiral Carney, and the Commander in Chief Pacific, Admiral Stump, conferred at Taipei with the officials of the Republic of China.¹ It is expected that periodic conferences will be held under the treaty as long as the Chinese Communists indicate by deeds and words their purpose to take Formosa by force.

¹ For a statement by Secretary Dulles to the press at Taipei on Mar. 3, see BULLETIN of Mar. 14, 1955, p. 420.

Exchange of Views Concerning Austrian State Treaty

The United States on April 22 replied to a Soviet proposal of April 19 that the Foreign Ministers of the United States, United Kingdom, France, and the U.S.S.R. meet with Austrian representatives to discuss the conclusion of an Austrian state treaty. Following are the texts of the U.S. and Soviet notes, together with a statement issued by the Department of State on April 19, an Austrian-Soviet communique issued at Moscow on April 15, and a statement handed to U.S. Ambassador Charles E. Bohlen by Soviet Foreign Minister Vyacheslav M. Molotov on April 9. For a report to the U.N. General Assembly by the United States, the United Kingdom, and France on the results of efforts made since 1952 to reach agreement on terms of an Austrian state treaty, see BULLETIN of December 13, 1954, p. 907.

U. S. NOTE TO U. S. S. R., APRIL 22¹

Press release 224 dated April 22

The Government of the United States, in consultation with the British and French Governments, has considered the Soviet Government's note of April 19 proposing a conference of the Ministers of Foreign Affairs of the U.K., the Soviet Union, the U.S. and France, with Austrian representatives participating, in order to discuss the question of concluding a State Treaty for the reestablishment of an independent democratic Austria and in order to sign that Treaty.

The Government of the United States welcomes the Soviet Government's view that the possibility now exists of concluding the Austrian State Treaty. It would be pleased to participate at the earliest possible moment in a meeting of the For-

eign Ministers of the four powers together with the representatives of Austria in order to sign the Treaty.

From the information it has received regarding the exchanges between the Austrian and Soviet Ministers in Moscow it is clear that some preparatory work still remains to be done. Recalling the tripartite declaration of April 5,² it suggests that the Ambassadors of the four powers in Vienna should meet at a very early date, with the participation of Austrian representatives, in order to examine the results of the exchanges in Moscow and to reach the necessary agreements for the early signature of the State Treaty by the Foreign Ministers. It would therefore propose that the Ambassadors together with Austrian representatives should meet in Vienna on May 2.³

As soon as the necessary preparations have been completed, the earliest practicable date should then be set for the Foreign Ministers to meet and sign the treaty.

U. S. STATEMENT OF APRIL 19

Press release 216 dated April 19

The United States Government, together with the Governments of the United Kingdom and France, has for 9 years consistently pressed the

² BULLETIN of April 18, 1955, p. 647.

³ The Soviet Union on April 26 sent notes to the United States, France, and the United Kingdom agreeing to an ambassadors' meeting at Vienna on May 2. The notes stated that "given the existence of a draft state treaty for the restoration of an independent and democratic Austria agreed by the parties, as well as a community of views, ascertained as a result of an exchange of opinions as regards Austria as an independent and peace-loving state, the task of the conference of ambassadors would consist of insuring in the near future the convening of a conference of Foreign Ministers of the Four Powers with the participation of Austria for considering and signing a state treaty with Austria."

¹ Delivered by the United States Embassy at Moscow to the Soviet Foreign Ministry. Similar notes were delivered by the British and French Embassies.

Soviet Government for a settlement of the Austrian question as essential to the relaxation of international tensions in Europe. The United States is glad to learn that the Soviet Government appears now to seek urgently the conclusion of a state treaty which will restore to Austria her rightful status of sovereign independence.

In the light of the recent exchange of views in Moscow between representatives of the Austrian and Soviet Governments, the United States Government, with its British and French partners, is already exploring the most expeditious methods of reaching a speedy conclusion of the state treaty for Austria.

It will be recalled that the Tripartite Declaration on Austria made by the Governments of France, the United Kingdom, and the United States on April 5, 1955, stated that the three Governments considered that if the Soviet Government should offer proposals holding clear promise of the restoration of freedom and independence to Austria, these could appropriately be discussed by the four Ambassadors in Vienna with the participation of the Austrian Government.

The suggestion of the Soviet Government for a meeting of the Foreign Ministers of the Four Powers, with Austrian participation, at Vienna in the near future is receiving prompt and sympathetic consideration.

SOVIET NOTE OF APRIL 19¹

[Unofficial translation]

The Soviet Government considers it necessary to call to the attention of the United States Government the following:

Negotiations between the Soviet Government and the delegation of the Austrian Republic headed by the Federal Chancellor of Austria, Julius Raab, were held in Moscow from April 12 to April 15.

As a result of the exchange of opinions, it became clear that at the present the possibility exists to conclude the settlement of the Austrian question and to conclude a state treaty with Austria.

This will make it possible to fully restore the independence of a democratic Austrian state, which will be a substantial contribution to the consolidation of peace in Europe.

The Soviet Government expresses the hope that the Government of the United States will help, for its part, to achieve the necessary understanding between the Gov-

¹ Similar notes were sent to the British and French Governments.

ernments of the Four Powers and the Government of Austria regarding the conclusion of a state treaty with Austria.

The Soviet Government considers it desirable that a conference of the Foreign Ministers of the United States, France, Great Britain, and the Soviet Union be held in the nearest future with the participation of representatives of Austria to consider the question of concluding a state treaty for the restoration of an independent, democratic Austria and to sign this treaty.

It is proposed that Vienna be the place for the holding of this conference.

The Soviet Government would appreciate receiving a rapid reply to this proposal from the Government of the United States.

AUSTRIAN-SOVIET COMMUNIQUE OF APRIL 15

[Unofficial translation]

From April 12, 1955, until April 15, 1955, discussions were held in Moscow between an Austrian Government delegation headed by Chancellor Julius Raab and Vice Chancellor Dr. Adolf Schaerf and a Soviet delegation headed by the Deputy Chairman of the Council of Ministers of the Soviet Union and Minister for Foreign Affairs, V. M. Molotov, and the Deputy Chairman of the Council of Ministers, A. I. Mikoyan, which were carried out in a friendly spirit.

As a result of discussions by both sides, the State Government of the Soviet Union as well as the Government of the Republic of Austria considers as desirable the earliest conclusion of a state treaty on the establishment of an independent and democratic Austria which should serve the national interests of peace in Europe.

The Austrian delegation gave assurances that the Austrian Republic, in the spirit of the declaration made at the Berlin Conference in 1954,² intends not to join any military alliances or permit military bases on her territory and will pursue a policy of independence in regard to all states which should insure the observance of this declaration.

The Soviet side expressed its agreement that the occupation forces of the Four Powers be withdrawn from Austria upon the entering into force of the state treaty and in any case not later than December 31, 1955.

Taking into consideration the declaration of the United States, Britain, and France made public on April 5 of this year to the effect that they are striving to achieve the earliest conclusion of an Austrian state treaty, the Soviet Union and Austria express the hope that at the present time there are favorable opportunities for conclusion of a treaty by means of appropriate agreement among the Four Powers and Austria.

The Soviet Government agreed in the third of its statements at the conference at Berlin in 1954 to accept the

² I. e. the Soviet proposal of Feb. 12, 1954; for text, see *Foreign Ministers Meeting, Berlin Discussions*, Department of State publication 5399, p. 233.

equivalent of \$150,000,000 provided for by article 35 of the state treaty fully in the delivery of Austrian goods.

The Soviet Government declared its readiness, in addition, for the early foreseen transfer of former German property in the Soviet Zone of occupied Austria, to transfer to Austria immediately after conclusion of the state treaty, for proper recompense, the property of the Danube Shipping Company (ASSG), including the shipyards and Korneuburg dock and all vessels and port installations.

The Soviet Government agreed further to cede to Austria the oil fields and refineries, including the company for trade in oil products, OROP, defined as belonging to Austria in article 35 of the state treaty, in exchange for the delivery of crude oil in amounts agreed to by the parties.

Moreover, agreement was reached to enter into negotiations in the near future aimed at the normalization of trade relations between Austria and the Soviet Union.

The Soviet delegation informed the Austrian delegation that the presidium of the Supreme Soviet of the U. S. S. R. had expressed its consent to consider favorably the request of the Austrian Federal President, Dr. Koerner, about the return of the Austrians to their motherland who are serving terms at the decision of the Soviet court organ.

After the withdrawal of the Soviet occupation troops from Austria, not a single military prisoner or detained civilian person of Austrian citizenship will remain on the territory of the Soviet Union.

MR. MOLOTOV'S STATEMENT OF APRIL 9

Already at the Berlin Four Power Conference of Foreign Ministers in early 1954 the Soviet Government introduced proposals concerning the most rapid resolution of the Austrian question and taking measures with the object of preventing a new *Anschluss* of Austria and also preventing the establishment of foreign military bases on Austrian territory and inclusion of Austria in any coalition or military alliances directed against any power which took part with its armed forces in the war against Germany and in the liberation of Austria.

However, at the Berlin Conference, for reasons not dependent on the Soviet Union, agreement on the conclusion of a state treaty with Austria was not reached, and the Austrian question remained unresolved. In connection with this, a proposal was introduced at that time by the delegation of the Soviet Union concerning the necessity of continuing efforts directed toward reaching agreement concerning the state treaty with Austria.^a

In August 1954 the Soviet Government proposed calling in Vienna a conference of Ambassadors of the U.S.S.R., U.S.A., England, and France, with the participation of a representative of Austria. In order to examine the re-

maining unsettled questions concerning the draft state treaty with Austria and other questions connected with the conclusion of this treaty. However, such a conference unfortunately was not called.

Attaching great importance to the resolution of the Austrian question and the question of the complete re-establishment of an independent democratic Austria, in conformity with the interests of maintaining and strengthening peace in Europe, and considering any further delay in the matter of concluding a state treaty with Austria unjustified, the Soviet Government submitted, as is known, on February 8 of this year its new proposals on the Austria question.

These proposals have as their purpose to put an end to the present abnormal situation in which the question of a state treaty with Austria has not yet been resolved and Austria, 10 years after its liberation from Hitlerite rule, still continues to remain under the control of the occupation organs of the Four Powers. It is pertinent to recall that at the Berlin Conference in February 1954 the Soviet Government proposed to return not later than during 1955 to the examination of the question of dates of the withdrawal of forces of the Four Powers from the territory of Austria.

At the end of February and in March of this year there took place at the initiative of the Soviet Government a preliminary exchange of views between the Governments of the Soviet Union and Austria on the Soviet Government's proposals of February 8 mentioned above. At this time it became clear that at the present time there are possibilities of assisting the acceleration of the settlement of the Austrian question by means of concluding an appropriate agreement between the Four Powers and Austria.

Inasmuch as it has also become clear that the establishment of personal contact between leading figures of the Soviet Union and Austria may facilitate this important matter, it was agreed that for the continuation of the discussion of questions already touched on, the Governmental delegation of Austria, headed by the Chancellor of Austria, Mr. Raab, will arrive at Moscow on April 11.

The Soviet Government believes that an exchange of opinions in Moscow with representatives of the Government of Austria will help to move forward the matter of settling the Austrian question. It takes into account in this regard that during the time which has elapsed since the Berlin Conference, the leaders of the Austrian Government have already had appropriate meetings and an exchange of views with the leading figures of the U.S.A., England, and France.

The Soviet Government expresses the hope that, given the presence of a corresponding desire on the part of all interested states, it will be possible in the very near future to reach the necessary agreement and to conclude a state treaty with Austria.

The Soviet Government requests that the U.S. Government be informed of the foregoing.

^a *Ibid.*, p. 241.

Proposal for Four-Power Talks on Road Tolls in East Germany

HICOG press release dated April 15

Following is the text of a further letter from U.S. High Commissioner James B. Conant to Soviet High Commissioner G. M. Pushkin concerning increased road tolls in the East Zone of Germany, which was delivered to Soviet Headquarters in Berlin on April 15. Similar letters were sent by the British and French High Commissioners.

In my letter of March 31¹ I drew your attention to the proposed introduction of drastic increases in the fees payable by vehicles not registered in the Soviet Zone for the use of roads in the Soviet Zone. I have received no reply to this letter and, despite my request that you should take the necessary steps to have the proposed measures withdrawn, the new fees were imposed with effect from April 1.

As I pointed out in my letter to you of March 31, these increases are so exorbitant that they cannot be justified on economic grounds. It is estimated by competent experts that the revenue collected from the road tax in effect prior to April 1, which in 1954 is understood to have amounted to between DM 4,300,000 and DM 5,000,000, was sufficient to provide for the maintenance of highways in the Soviet Zone used by West German traffic. If, however, in view of the economic difficulties of the Soviet Zone, the East German authorities have been unable to provide the necessary funds for road maintenance without increasing their revenues from this tax, this should be a matter for consultation between the experts concerned. Nevertheless, although the West German experts in the *Treuhandstelle* have expressed the wish to discuss the matter on two occasions since the new fees were introduced, on April 7 and again on April 14, the East German representatives have refused to do so. This refusal confirms the view expressed in my letter of March 31 that the increases can only be regarded as politically inspired and intended to impede the free movement of persons and goods between the Federal Republic and Berlin and between the Federal Republic and the Soviet Zone.

At the sixth session of the Council of Foreign

Ministers at Paris in June, 1949, the Soviet Government gave certain undertakings which were set out in a communique issued at the close of the conference.² These undertakings included the following statement:

In order to improve and supplement this and other arrangements and agreements as regards the movement of persons and goods and communications between the eastern and western zones and between the zones and Berlin and also in regard to transit, the Occupation Authorities, each in his own zone, will have an obligation to take the measures necessary to ensure the normal functioning and utilization of rail, water and road transport for such movement of persons and goods and such communications by post, telephone and telegraph.

The arbitrary action of the East German authorities in imposing these exorbitant increases, on which there was no prior consultation with the West German experts, is clearly inconsistent with the Soviet Government's undertakings, since it interferes with the "normal functioning" of road transport in the Soviet Zone.

I therefore consider that the Soviet authorities are responsible for ensuring that these increases are withdrawn without delay. Since a continuation of the present situation can only make for difficulties in interzonal trade, affect the welfare of Berlin and lead to an increase in tension within Germany, I propose that the four High Commissioners should meet in Berlin as soon as possible to discuss the settlement of this problem.

U.S. Rejects Demand for Return of Czechoslovak Border Guard

The United States Embassy at Prague on April 9 delivered a note to the Ministry of Foreign Affairs of Czechoslovakia in reply to the Ministry's notes of April 2 and April 7 requesting that Czechoslovak border guard Jan Fojtik, who crossed the border into Germany on April 2, 1955, be returned, allegedly for questioning as to responsibility for the fatal shooting of a second guard in the course of his escape.

Following are the substantive portions of the U.S. reply and of the April 2 Czechoslovak note,³

¹ *Ibid.*, July 4, 1949, p. 857.

² Complimentary opening and closing passages omitted.

³ BULLETIN of Apr. 18, 1955, p. 648.

and an excerpt from the April 7 Czechoslovak note.

U.S. Note of April 9

Press release 198 dated April 11

The Embassy has been instructed to inform the Ministry that as a result of an investigation, the United States authorities have ascertained that the border guard Jan Fojtik escaped from Czechoslovakia for political reasons. He has requested and been granted political asylum. In the circumstances the Ministry's demand that he be returned represents a proposal that the United States Government should deny the right of political asylum and violate its traditional practice of refusing to return to a foreign jurisdiction persons who have left it for political reasons. The United States cannot accept this proposal and the Ministry's demand for Fojtik's return is accordingly rejected.

Under a system of political oppression denying its citizens the right to choose freedom, violence and tragedy are bound to occur. The Ministry of Foreign Affairs should, therefore, be aware that the death of either an escapee or a border guard is a tragic event for which only the Czechoslovakian Government is responsible.

Czechoslovak Note of April 2

On April 2 at 8:30 a.m., a member of a Czechoslovak border patrol, Private Pavel Juhas, was killed by a shot through the head near the border between the Czechoslovak Republic and Western Germany in the area of Rozvadov.

An investigation carried out by Czechoslovak border authorities in cooperation with West German *Grenzpolizei* has shown that at the time of the shot an automobile of the U.S. Armed Forces passed near the place of the murder. The second member of the Czechoslovak border patrol, Jan Fojtik, who had been patrolling that sector together with the murdered Pavel Juhas, was subsequently seen riding with American soldiers in said military car, which drove away toward Weiden. In further negotiations, West German *Grenzpolizei* confirmed that Fojtik was in the hands of American military authorities in Western Germany.

Czechoslovak border authorities asked immediately for the return of Jan Fojtik. The return of Fojtik was refused with the comment that the request for his surrender should be effected through diplomatic channels. The investigation carried out until now arouses the suspicion that the murder was committed by Jan Fojtik.

The Ministry requests that Jan Fojtik be immediately returned to Czechoslovakia so that he can be questioned

without delay, and should the existing suspicion be confirmed, penal proceedings be initiated.

Czechoslovak Note of April 7

The position of the U.S. authorities in West Germany necessarily places the circumstances in which the Juhas murder occurred in a new light. Should the U.S. authorities maintain their negative attitude to the request for the return of Fojtik to Czechoslovakia, the only explanation for their position would be that the U.S. military authorities, whose car was at the time of the murder near the place of the crime, have special reasons for preventing, by holding Fojtik, the clarification of this case and the discovery of the perpetrator of this brutal murder.

The Minister of Foreign Affairs demands again and with great emphasis the immediate return of Czechoslovak citizen Fojtik to Czechoslovakia.

U.S. Requests Information on Polish Underground Leaders

The Department of State announced on April 21 (press release 221) that the Embassies of the United States at Moscow and Warsaw had that day delivered notes to the Foreign Ministries of the U.S.S.R. and Poland concerning the fate of the Polish underground leaders arrested by Soviet authorities on March 28, 1945. The note to the Soviet Ministry of Foreign Affairs stated:

The Embassy refers to representations which were made in 1945 by a United States official with Premier Stalin at Moscow and by the then Secretary of State with Foreign Minister Molotov at the San Francisco Conference on the United Nations Charter with respect to the arrest of 16 leaders of the Polish Underground by Soviet authorities on March 28, 1945.¹

It is recalled that the Underground had waged a bitter struggle on the side of the Allies and in the defense of Poland against foreign aggression and occupation in the Second World War. The arrest of these men, members of various Polish political parties and groups, aroused great concern throughout the world. It may also be noted that the 16 Polish leaders were arrested at a time when the Western Allies were making an effort,

¹For a statement on the Stettinius-Molotov talks see BULLETIN of May 6, 1945, p. 850.

in accordance with international discussions, to have a new Polish Government formed on a democratic basis by the inclusion of Polish leaders from abroad and from the Underground in Poland. In virtue of this interest the United States made its inquiries to the Soviet Government in 1945 with a view to obtaining information regarding the arrested men. The United States Government now wishes to raise this matter again.

Certain developments subsequent to this arrest are well-known. The men were transported from Poland to the Soviet Union and were tried by a Soviet court in June 1945. Most of them were imprisoned in the Soviet Union. Some were re-arrested in Poland and sentenced to imprisonment in Polish jails. The longest Soviet sentence was that of ten years, imposed on Major General Okulicki.

The United States Government notes that if General Okulicki's sentence began on the date of his arrest he has now presumably completed his term of imprisonment. Since all of the other Soviet sentences were of lesser length it is assumed that none of the sixteen men originally arrested are now held in Soviet jails.

The United States Government also wishes to point out that despite continued interest in the fate of these Polish leaders, nothing is known of the whereabouts of several of them and there is even some doubt as to how many are still alive.

So far as the United States Government is aware the following three members of the group, in addition to General Okulicki, have not yet returned to Poland: Jan Stanislaw Jankowski, Stanislaw Jasiukowicz and Antoni Pajdak. Dating from the time of their original arrest, Jankowski's sentence would have ended March 28, 1953, and that of Jasiukowicz, and possibly of Pajdak, on March 28, 1950.

Under these circumstances the United States Government wishes to request that the Soviet Government provide information as to which of these sixteen men are still in the Soviet Union, and under what circumstances. Information is also requested regarding any of the men who may have died in the U. S. S. R.

A similar note to the Polish Foreign Ministry contained the following additional paragraph:

It is also understood that Stanislaw Michalowski and Kazimierz Kobylanski were re-arrested following their return to Poland from the Soviet Union. Their ultimate fate, as well as that of Adam Bien, Alexander Zwierzynski and Jozef Stemler-Dabski is unknown.

Chinese Communist Intentions in Formosa Area

Press release 226 dated April 23

The Department of State has received press reports concerning the statement of Chou En-lai at the Bandung conference. The United States always welcomes any efforts, if sincere, to bring peace to the world. In the Formosa region we have an ally in the free Republic of China, and of course the United States would insist on free China participating as an equal in any discussions concerning the area.

If Communist China is sincere, there are a number of obvious steps it could take to clear the air considerably and give evidence before the world of its good intentions. One of these would be to place in effect in the area an immediate cease-fire. It could also immediately release the American airmen and others whom it unjustly holds. Another could be the acceptance of the outstanding invitation by the Security Council of the United Nations to participate in discussions to end hostilities in the Formosa region.

General Collins Returns for Consultation

Press release 214 dated April 18

Gen. J. Lawton Collins, special representative of the United States in Viet-Nam, has been called temporarily to Washington for consultation in preparation for congressional hearings on fiscal year 1956 appropriations under the Mutual Security Act. The appropriation for Viet-Nam is one of the most significant items under this act and will require the presence of General Collins in Washington for a brief period.

INTERNATIONAL ORGANIZATIONS AND CONFERENCES

Calendar of Meetings¹

Adjourned During April 1955

ICAO Council: 24th Session	Montreal	Jan. 25-Apr. 2
ICAO Air Navigation Commission: 18th Session	Montreal	Jan. 25-Apr. 6
ICAO Air Transport Committee: 24th Session	Montreal	Jan. 26-Apr. 1
U. N. Ecosoc Commission on Status of Women: 9th Session	New York	Mar. 14-Apr. 1
UNESCO Executive Board: 41st Meeting	Paris	Mar. 21-Apr. 7
ITU International Radio Consultative Committee (CCIR): Study Groups I and XI	Brussels	Mar. 22-Apr. 6
U. N. Economic and Social Council: 19th Session (1st Part)	New York	Mar. 29-Apr. 7
U. N. Economic Commission for Asia and the Far East: 11th Session	Tokyo	Mar. 28-Apr. 7
U. N. Special Committee To Study the Question of Judicial Review of Judgments of the Administrative Tribunal	New York	Apr. 4-22
U. N. Ecosoc Commission on Human Rights: 11th Session	Geneva	Apr. 5-30
FAO Asia-Pacific Forestry Commission: 3d Session	Tokyo	Apr. 9-21
ICAO Subcommittee on Draft Protocol To Amend the Warsaw Convention	Madrid	Apr. 12-22
ICAO Legal Committee: Subcommittee on Negotiability of the Air Waybill	Madrid	Apr. 12-22
International Union of Biological Sciences: 12th General Assembly	Rome	Apr. 12-15
FAO Desert Locust Control Committee: 1st Session	Rome	Apr. 12-16
WMO Executive Committee: 6th Session	Geneva	Apr. 12-13
U. N. Commission on International Commodity Trade: 2d Session	New York	Apr. 12-22
33d International Milan Samples Fair	Milan	Apr. 12-29
5th International Congress of Onomastic Sciences	Salamanca (Spain)	Apr. 12-15
Swiss Industries Fair	Basel	Apr. 16-26
FAO International Poplar Commission: 8th Session	Madrid	Apr. 25-28

In Session as of April 30, 1955

World Meteorological Organization: 2d Congress	Geneva	Apr. 14-
U. N. Trusteeship Council, Committee on Information from Non-Self-Governing Territories: 6th Session	New York	Apr. 15-
U. N. Technical Conference on the Conservation of the Living Resources of the Sea	Rome	Apr. 18-
U. N. Ecosoc Commission on Narcotic Drugs: 10th Session	New York	Apr. 18-
ICEM Executive Committee: 2d Session	Geneva	Apr. 21-
7th Liège International Trade Fair	Liège (Belgium)	Apr. 23-
ITU Administrative Council: 10th Session	Geneva	Apr. 23-
Lyon International Fair	Lyon	Apr. 24-
ICAO Meeting of Medical Experts on Hearing and Visual Requirements for Aviation Personnel Licenses	Paris	Apr. 25-
Committee of Experts To Prepare for International Conference for Revision of the International Convention for the Protection of Industrial Property	Bern	Apr. 25-
ILO Petroleum Committee: 5th Session	Caracas	Apr. 25-
PASO Executive Committee: 25th Meeting	México, D. F.	Apr. 25-
8th International Film Festival	Cannes	Apr. 25-
ICEM Council: 2d Session	Geneva	Apr. 27-

Scheduled May 1-July 31, 1955

British Industries Fair	London	May 2-
U. N. Ecosoc Social Commission: 10th Session	New York	May 2-
WMO Executive Committee: 7th Session	Geneva	May 3-

¹ Prepared in the Office of International Conferences, Apr. 22, 1955. Asterisks indicate tentative dates and places. Following is a list of abbreviations: ICAO, International Civil Aviation Organization; U. N., United Nations; Ecosoc, Economic and Social Council; UNESCO, United Nations Educational, Scientific and Cultural Organization; ITU, International Telecommunication Union; CCIR, International Radio Consultative Committee (Comité consultatif internationale des radio communications); FAO, Food and Agriculture Organization; WMO, World Meteorological Organization; ICEM, Intergovernmental Committee for European Migration; ILO, International Labor Organization; PASO, Pan American Sanitary Organization; ECE, Economic Commission for Europe; NATO, North Atlantic Treaty Organization; ECLA, Economic Commission for Latin America; IASI, Inter-American Statistical Institute; ECAFE, Economic Commission for Asia and the Far East.

Calendar of Meetings—Continued

Scheduled May 1–July 31, 1955—Continued

International Oil Exposition	Houston	May 3–
U. N. Ece Steel Committee	Geneva	May 3–
1st International Photography and Motion Picture Biennial Exposition.	Paris	May 4–
South Pacific Commission: Vocational Training Conference	Suva (Fiji)	May 4–
Japan International Trade Fair	Tokyo	May 5–
NATO: Ministerial Meeting of the Council	Paris	May 9–
U. N. ECLA Committee of the Whole: 4th Meeting	Santiago	May 9–
U. N. Refugee Fund (UNREF) Executive Committee: 1st Session	Geneva	May 9–
World Health Organization: 8th Assembly	México, D. F.	May 10–
West Indian Conference: 6th Session	San Juan (Puerto Rico)	May 10–
Caribbean Commission: 20th Meeting	San Juan (Puerto Rico)	May 13–
Paris International Fair	Paris	May 14–
U. N. Economic and Social Council: Resumed 19th Session	New York	May 16–
Advisory Committee on the International Conference on the Peaceful Uses of Atomic Energy: 2d Session.	Paris	May 23–
FAO Committee on Commodity Problems: 25th Session	Rome	May 23–
ILO Governing Body: 129th Session	Geneva	May 23–
10th International Mediterranean Fair	Palermo	May 24–
International Sports Exhibition	Turin	May 24–
Inter-American Commission of Women: 10th Assembly	San Juan (Puerto Rico)	May 29–
ICAO Assembly: 9th Session	Montreal	May 31–
5th International Congress on Large Dams	Paris	May 31–
Who Executive Board: 16th Session	México, D. F.	June 1–
ILO Annual Conference: 38th Session	Geneva	June 1–
International Samples Fair	Barcelona	June 1–
IASI Committee on Statistical Education: 1st Session	Quitandinha (Brazil)	June 3–
IASI Committee on Improvement of National Statistics: 3d Session	Quitandinha (Brazil)	June 3–
International Commission for Northwest Atlantic Fisheries: 5th Annual Meeting.	Ottawa	June 6–
FAO Council: 21st Session	Rome	June 6–
4th World Petroleum Congress	Rome	June 6–
U.N. ECAFE Iron and Steel Subcommittee: 6th Session	Bangkok	June 6–
Agriculture Show	Denbigh (Jamaica)	June 8–
U.N. Trusteeship Council: 16th Session	New York	June 8–
3d Inter-American Statistical Conference	Quitandinha (Brazil)	June 9–
Inter-American Statistical Institute: 3d General Assembly	Quitandinha (Brazil)	June 9–
21st International Aeronautical Exhibition	Paris	June 10–
International Exhibition of Architecture, Industrial Design, Home Furnishings, and Crafts.	Helsingborg (Sweden)	June 10–
ICAO Airworthiness Panel of Airworthiness Division: 2d Meeting	(Undetermined)	June 14–
U.N. 10th Anniversary Commemorative Meeting	San Francisco	June 20–
International Cotton Advisory Committee: 14th Plenary Meeting	Paris	June 20–
International Statistical Institute: 29th Session	Quitandinha (Brazil)	June 24–
Inter-American Indian Institute: Meeting of Governing Board	México, D. F.	June–
International Technical Conference on Lighthouses and Other Aids to Navigation.	The Hague	June–
International Wheat Council: 17th Session	London	June–
Poznan International Fair	Poznan (Poland)	July 3–
ITU International Radio Consultative Committee (CCIR): Study Group X.	Geneva	July 4–
International Youth Gymnastic Congress	Rotterdam	July 5–
U.N. Economic and Social Council: 20th Session	Geneva	July 5–
International Whaling Commission: 7th Meeting	Moscow	July 16–
International Union of Pure and Applied Chemistry: 18th Conference; and 14th International Congress of Pure and Applied Chemistry.	Zürich	July 20–
Pan American Institute of Geography and History (PAIGH): 6th General Assembly.	México, D. F.	July 25–
PAIGH Commission on Cartography: 7th Consultation.	México, D. F.	July 25–
PAIGH Commission on Geography: 4th Consultation.	México, D. F.	July 25–
PAIGH Commission on History: 3d Consultation	México, D. F.	July 25–
Third Biennial Celebration	São Paulo	July–
American International Institute for the Protection of Childhood: Meeting of Directing Council.	Montevideo	July*–
Consultative Committee on Rice: 10th Meeting	Bangkok	July–

Increasing International Travel

Statement by Preston Hotchkis

U.S. Representative in the Economic and Social Council¹

Peace—a continued effort to develop and enhance its prospects—

Prosperity—and improving standards of living—

These are crops which are harvested by increased international travel. And these are the major objectives of the United Nations as set forth in the charter. Therefore the United States Government is gratified that international travel has been given its proper recognition by being placed upon the agenda of this session of the Economic and Social Council.

Travel from one country to another is not only an indication of peace and good will among nations, but it produces a chain reaction—the greater the volume of travel, the more people know about other countries and their peoples, the less become the prejudices and the greater the prospects of lasting peace.

It is not too much to say that every traveler is a potential student and teacher and emissary of good will. But our primary emphasis at the moment is on the economic benefits of international travel rather than on the social and cultural benefits that are also present.

My Government has submitted a paper (E/2688 dated February 15, 1955)² which sets forth the large part which travel plays in international trade, its potential for growth, and certain constructive measures which can be exerted toward its further encouragement. My remarks today will highlight some of the points covered in the paper.

During World War II international travel was almost nonexistent. Since then, however, it is

showing a healthy growth, but the opportunity for still greater development is tremendous.

In saying this I realize that there still remain some obstacles and barriers for free travel from one country to another. In fact, if it were not for the tensions that have developed in some parts of the world, we might not now be troubled by the remaining border-crossing formalities which harass the international traveler in many countries, including our own; but the realities of the existing situation remain and must be dealt with in the interests of national security.

During the past few years many unnecessary restrictions to travel have been removed. A number of countries have embarked on tourist development programs with outstanding success. International travel has become one of the major factors in world trade. For example, the spending by U.S. residents in foreign travel is now equivalent to approximately 10 percent of total U.S. exports. In other words, our travelers have provided foreign countries with sufficient dollars to enable them to pay for approximately one-tenth of their total commercial purchases from this country.

Striking examples may be cited of the rapidity with which a substantial tourist industry can be built up by effective promotional efforts.

Puerto Rico in 1948 earned approximately \$5.6 million from 58,000 visitors. This was increased by 1953 to \$23 million and 110,000 visitors.

Nassau in 1947 had about 30,000 visitors; by 1950 the number had increased to 84,000.

Similar success stories are provided by Canada, Mexico, Hawaii, Bermuda, Jamaica, and other popular tourist areas.

Under its own energetic travel promotion program, Great Britain increased its dollar earnings

¹ Made in the Council at New York, N. Y., on Mar. 31 (U. S./U. N. press release 2142).

² BULLETIN of Mar. 21, 1955, p. 491.

from tourism from \$56 million in 1948 to \$110 million in 1954.

In 1949 the European Travel Commission launched a cooperative regional travel promotion campaign in the United States for Western Europe as a whole. These activities have helped to increase U.S. citizens' travel to Europe from 183,000 in 1948 to an estimated 456,000 in 1954. During the same period Europe's earnings from tourist expenditures climbed from \$128 million to an estimated \$330 million—or \$.5 billion if fares paid to European carriers are included. All current indications point to the fact that both the volume of U.S. visitors to Europe and the amounts expended there during 1955 will be considerably higher.

United States Activities

Recognizing the importance of international travel, President Eisenhower in two recent messages to Congress cited its cultural, social, and economic significance and called attention to the substantial source of dollars which foreign travel by U.S. citizens provides for many foreign countries.³ The President also instructed the appropriate agencies and departments of the Government to consider means to facilitate international travel.

Specifically what is the volume of U.S. travel to foreign countries? Latest estimates show that U.S. residents in 1954 spent \$972 million for actual expenditures in foreign countries and \$183 million in payments to foreign carriers; a total of \$1,155 million paid to foreign countries. In addition \$211 million was spent in payments to United States carriers. The grand total of \$1,366 million was about 7 percent more than that for 1953, and it is expected that 1955 will show a further healthy increase.

In the United States the travel industry is well organized. There are the carriers—air, steamship, railroads, buses, and all the facilities which transport passengers, including private automobiles. A large part of the efforts of these enterprises, both individually and through active associations, concern travel beyond the boundaries of the United States. There are several thousand travel agents engaged in the business of arranging trips and accommodations for their clients and energetically working to increase their numbers.

³ *Ibid.*, Apr. 19, 1954, p. 606, and Jan. 24, 1955, p. 121.

There are national associations such as the American Society of Travel Agents, the National Association of Travel Organizations, and the American Automobile Association. The hotel and motel industry with its national trade organizations contributes much to this dynamic industry. Newspapers, magazines, and trade journals carry large volumes of editorial material, advertising, and travel news.

International Activities

International activities by governmental and private organizations are impressive in their scope. In the United Nations the Transport and Communications Commission has performed much useful work and is continuing to give attention to the problem of international travel. A recommendation by the Commission that a new inquiry be made among governments as to the progress that has been made in implementing the recommendations of the 1947 conference of experts on border-crossing and frontier formalities⁴ will be before the Council in May. Favorable action upon this meritorious proposal will provide helpful data on the continuing activities of many governments to simplify procedures for tourists. A convention on road traffic was prepared in 1949,⁵ simplifying and standardizing formalities for international motoring, and has been ratified to date by 18 nations. Further ratifications are desirable to bring this agreement fully into effect among all nations which desire to encourage the growth and safety of international travel by automobile. More recently, in 1954, two new international agreements were drawn up at a United Nations conference looking toward the simplification and standardization of customs formalities for automobiles and for personal effects of tourists in general.⁶ Through reports submitted to its periodic meetings the Transport and Communications Commission is keeping abreast of developments in the field of international travel.

There are numerous other examples of useful operations. The International Civil Aviation Organization is steadily carrying forward its program of facilitation for air passengers and cargo, and the beneficial results of this activity are felt

⁴ *Ibid.*, June 22, 1947, p. 1201.

⁵ *Ibid.*, Dec. 12, 1949, p. 875a.

⁶ *Ibid.*, July 19, 1954, p. 92.

in other fields than that of air transport alone. UNESCO is also doing helpful work in promoting the development of travel. The Organization for European Economic Cooperation has made outstanding contributions to facilitating travel through obtaining wide reduction or elimination of visa requirements among its member countries, and these benefits have also been extended to U.S. citizens. The European Travel Commission has an extensive promotional program, financed by OEEC, including advertising and publicity in the U.S. Among other energetic organizations are the International Union of Official Travel Organizations, the International Air Transport Association, the International Chamber of Commerce, the World Touring and Automobile Organization, the Pacific Area Travel Association, and the Caribbean Tourist Association. The Inter-American Travel Congresses have stimulated interest in travel in the Western Hemisphere. It should be noted with appreciation that the International Union of Official Travel Organizations and the World Touring and Automobile Organization have submitted useful papers which are included in the documentation for the present session (E/C.2/412 and 413).

At a meeting of Ministers of Finance and Economy in Rio de Janeiro in November 1954, a resolution was unanimously adopted calling for constructive action by all of the American Republics on promotion of international travel and tourism. The resolution recommended that helpful consideration be given to the problems of travel development, with special attention to the strengthening and supporting of official and private agencies engaged in the development of tourism. It also recommended the preparation of sound technical assistance projects in such fields as hotel construction and operation, and promotional aspects of travel development including publicity and advertising. Further it encouraged the improvement of tourist attractions, such as health resorts, parks, historical and archeological sites. Thus at Rio de Janeiro, in an atmosphere similar to that of our session today, high government officials joined in declaring the importance of international travel and in indicating initial steps for action.

Even the most remote corners of the world are becoming aware of the advantages of tourism. American newspapers this month carried an ac-

count of the arrival at Katmandu, Nepal, of a first party of 12 visitors. The report epitomized the way in which organized travel develops, by recounting how Nepalese officials suggested some months ago to an international travel agency that a tour be arranged and how the agency promptly included a visit to Nepal in a round-the-world voyage it was conducting. Now, in Katmandu, government officials are talking of the new revenues to come from tourists, hotel facilities have been organized, and young men are planning careers as tourist guides.

Other Considerations

Now what exactly do we mean by the word "tourist"? It is well to give a clear definition of the word, because in some areas of the world it is used in too restricted a sense as only a sightseeing traveler. We use the term in its broadest sense—that is, the bona fide nonimmigrant who desires to make a temporary visit to a foreign country for any legitimate purpose. In fact, we accept the definition in the Convention concerning Customs Facilities for Touring, drawn up at a United Nations conference in 1954.⁷ That convention defined a tourist as being:

Any person without distinction as to race, sex, language or religion, who enters the territory of a Contracting State other than that in which that person normally resides and remains there for not less than twenty-four hours and not more than six months in the course of any twelve month period, for legitimate non-immigrant purposes, such as touring, recreation, sports, health, family reasons, study, religious pilgrimages or business.

Parenthetically it is interesting to note by this definition the broad scope of the travel market, from touring to business, from recreation to religious pilgrimages, from sports to study, from health to family reasons.

Programs to attract tourists should have a particularly strong appeal to countries which now depend on one or two major items for most of their foreign exchange. Tourism brings a relatively stable source of income, less subject to sudden shifts in world prices, and yet requires only limited investment, primarily for hotels and advertising or publicity.

In facing the problem of lowering costs of travel and making it more available to a wider segment of the world's population, consideration should be

⁷ U.N. doc. E/Conf. 16/20.

given to development of off-season travel—more aptly termed “thrift season” travel. When hotels, planes, ships, or other facilities are provided to cater to a short season of a few peak months, prices tend to be high. Those tourist areas which have, through strong promotional efforts, together with the help of the carriers, developed a year-round tourist industry have found it possible to provide low-cost travel packages of interest to a broad market. Continued effort to extend the tourist season is highly desirable. In a number of areas great strides in this direction are already in evidence.

Recommendations

In the paper which my Government submitted to the United Nations in February, a number of specific proposals were offered for consideration by the Council in the encouragement of international travel. These are also embodied in a resolution which is now before the Council.⁸ Upon them I would like to comment as follows:

(1) Granted that there is general recognition of the place of travel in the field of international trade and friendly relationships, effective development depends upon the individual countries. In each nation increased attention to travel is needed as an important phase of its economic growth. This entails study of the current and potential travel market, tourist attractions and facilities, border-crossing formalities, promotional efforts—and the preparation of an efficient development program.

(2) Because of distance and cost factors, regional travel presents advantages in attracting large numbers of visitors. Within any region, and particularly between neighboring countries, special measures for facilitating travel are possible, and indeed have been well developed in certain areas.

(3) There is already a wealth of experience and talent available in the numerous official and private agencies engaged in the development of tourism. These resources should be strengthened and supported. Successful tourist development programs, in countries where a rapid growth of inbound tourists has been desired, have demonstrated the importance of strong governmental

financial support of tourist promotional activities. The sale of a country's tourist attractions to people of other countries requires government funds for the establishment of foreign promotional offices and for paid advertising, publicity, and other sales development activities. Local tourist-service industries receiving tourist income are usually too small to carry out effective foreign sales programs of their own.

(4) In some areas adequate hotel and other facilities are lacking, and this acts as a basic deterrent to travel. Now that means of transportation are readily available to almost any point on the globe, a dearth of living accommodations may be the sole obstacle to a flow of visitors. Here would seem to be a fruitful field for the provision of governmental incentives for the encouragement of private investment.

(5) Countries possessing well-developed tourist programs and facilities have an opportunity and an obligation to assist those with less experience, if the goal of an expanded world-travel market is to be attained. Technical cooperation projects may be an answer to this problem and are worthy of prompt consideration.

(6) International conventions, drawn up at United Nations conferences and representing the best judgment of governmental authorities and other competent experts, provide a means of unified action by the nations. The United Nations conventions on road traffic (1949), on temporary importation of road vehicles (1954), and on customs facilities for touring (1954) are examples. Wide ratification of these agreements will provide a solid foundation for expansion and encouragement of international travel.

(7) Statistics relating to travel are a fundamental requirement for intelligent planning. Improvement in their accuracy, comprehensiveness, and timeliness is desirable. Each country can well give attention to this problem. Means also should be found for establishing greater uniformity and comparability in travel statistics, and the services of the United Nations should be made available in arriving at uniform methods of compilation.

(8) The problem of reducing border-crossing formalities to the fullest extent practicable requires constant study. These formalities include passports, visas, health and police certificates, travel taxes, exchange controls, and other restrictive factors. In this area, the desirable freedom of move-

⁸ U.N. doc. E/Resolution (XIX)/2, adopted on Mar. 31 by a vote of 17-0 with 1 abstention.

ment of the traveler must be viewed in the light of the national security and welfare, but any improvement in world conditions should be reflected in an easing of current restrictions.

Summary

In conclusion, international travel is a fruitful economic activity—

(1) which is important to international trade but has not received the full recognition it deserves from governments;

(2) in which all nations can participate and prosper according to their will to plan for, provide for, and attract the tourist;

(3) in which the enlightened self-interest of each nation can build and develop a steady and increasing revenue;

(4) where nations which have highly developed tourist industries can share their successful experience and technical know-how with countries which desire to build a tourist industry;

(5) where nations building a tourist industry will be helping themselves to achieve a higher standard of living for their people and at the same time contributing to the development of friendship and understanding among peoples as a solid foundation to lasting peace.

U.S. Delegations to International Conferences

Intergovernmental Committee for European Migration

The Department of State announced on April 22 (press release 225) that the U.S. Government would be represented at the meeting of the Intergovernmental Committee for European Migration (ICEM) opening at Geneva on April 21 by the following delegation:

United States representative

Scott McLeod, Administrator, Bureau of Security and Consular Affairs, Department of State

Alternate United States representatives

William M. McCulloch, House of Representatives

Chauncey W. Reed, House of Representatives

Francis E. Walter, House of Representatives

Mrs. Dorothy D. Houghton, Deputy Director, Foreign Operations Administration

Principal adviser

George L. Warren, Adviser on Refugees and Displaced

Persons, Bureau of Security and Consular Affairs, Department of State

Advisers

Walter M. Besterman, House Judiciary Committee

Richard R. Brown, U.S. Escapee Program, Foreign Operations Administration, Frankfurt, Germany

Dayton H. Frost, Foreign Operations Administration

Joseph E. Gonzales, Senate Appropriations Committee

Eleanor Guthridge, Senate Judiciary Committee

Abba P. Schwartz, Washington, D.C.

Hal E. Short, Bureau of Security and Consular Affairs, Department of State

Guy J. Swope, Harrisburg, Pa.

Public members

Walter H. Jones, Trenton, N.J.

Robert S. McCollum, Denver, Colo.

Nick T. Stepanovich, East Chicago, Ind.

The nine-member Executive Committee of ICEM will meet the first week, and the Council will be in session after April 27. An important action of the Council will be the election of the Director of ICEM, to succeed the late former Ambassador Hugh Gibson, who died in December 1954 at the close of the last ICEM meeting.¹ The United States will nominate Harold H. Tittmann, Jr., who recently resigned as U.S. Ambassador to Peru.

Since February 1952, when it launched operations, ICEM has transported over 300,000 persons to various parts of the world. On the initiative of the United States, the organization was established at Brussels, Belgium, in 1951 to facilitate the movement to new homes of migrants and refugees who would not otherwise be moved from overpopulated areas of Europe. There are now 24 member governments. New Zealand and the Federation of Rhodesia and Nyasaland are candidates for membership at the Council meeting.

THE DEPARTMENT

Designation

Miss Frances G. Knight as Director of the Passport Office, effective May 1.

¹ For a report of the eighth session of ICEM and the first sessions of the Council and Executive Committee, see BULLETIN of Mar. 7, 1955, p. 403.

Current Treaty Actions

MULTILATERAL

Customs Tariff

Convention creating the international union for the publication of customs tariffs, regulations of execution, and final declarations. Signed at Brussels July 5, 1890. Entered into force April 1, 1891. 26 Stat. 1518.

Notification of adherence given: Viet-Nam, April 1, 1955. Protocol modifying the convention signed at Brussels July 5, 1890 (26 Stat. 1518), creating an international union for the publication of customs tariffs. Done at Brussels December 16, 1949. Entered into force May 5, 1950.¹

Notification of adherence given: Viet-Nam, April 1, 1955.

Germany

Protocol on the termination of the occupation regime in the Federal Republic of Germany, with five schedules and related letters. Signed at Paris October 23, 1954.²

Ratifications deposited: Federal Republic of Germany, April 20, 1955; United States, April 20, 1955.

Convention on the presence of foreign forces in the Federal Republic of Germany. Signed at Paris October 23, 1954.²

Approval deposited: United States, April 20, 1955.

Ratification deposited: Federal Republic of Germany, April 20, 1955.

Labor

Convention (No. 53) for minimum requirement of professional capacity for Masters and Officers on board merchant ships. Done at Geneva October 24, 1936. Entered into force March 29, 1939. 54 Stat. 1683.

Ratification registered: Argentina, February 17, 1955.

Convention (No. 58) fixing the minimum age for admission of children to employment at sea (revised 1936). Done at Geneva October 24, 1936. Entered into force April 11, 1939. 54 Stat. 1705.

Ratification registered: Argentina, February 17, 1955.

North Atlantic Treaty

Protocol to the North Atlantic Treaty on the accession of the Federal Republic of Germany. Signed at Paris October 23, 1954.²

Acceptance deposited: Greece, April 18, 1955; Norway, April 18, 1955; Italy, April 20, 1955; United States, April 20, 1955; Belgium, April 22, 1955.

Postal Matters

Universal postal convention, with final protocol, annex, regulations of execution, and provisions regarding air-mail and final protocol thereto. Signed at Brussels July 11, 1952. Entered into force July 1, 1953. TIAS 2800.

Ratifications deposited: Korea, March 10, 1955; Egypt, March 24, 1955.

Adherence deposited: Germany, March 21, 1955.

¹ Not in force for the United States.

² Not in force.

Refugees

Constitution of the Intergovernmental Committee for European Migration. Adopted at Venice October 10, 1953. Entered into force November 30, 1954, for the United States, Argentina, Australia, Austria, Canada, Chile, Denmark, Germany, Greece, Israel, Italy, Netherlands, Norway, Paraguay, Sweden, and Switzerland. *Acceptance deposited:* Costa Rica, March 29, 1955.

Whaling

Amendments to paragraphs 4, 6, 7 (a) and (b), 9 (b), and 10 (d) of the amended Schedule to the International Whaling Convention of 1946 (TIAS 1849). Adopted at the Sixth Meeting of the International Whaling Commission held at Tokyo July 19-23, 1954.

Entered into force: November 8, 1954 (with the exception of amendments to paragraph 4) for the United States, Australia, Brazil, Canada, Denmark, France, Iceland, Japan, Mexico, Netherlands, New Zealand, Norway, Panama, Sweden, Union of South Africa, U.S.S.R., and United Kingdom.

Paragraph 4 (1) entered into force February 24, 1955, except for Denmark and Iceland.

Paragraph 4 (2) entered into force February 17, 1955, except for the United States, Canada, Japan, and U.S.S.R.

BILATERAL

Bolivia

Agreement extending agreement for a cooperative program of agriculture dated June 13 and 18, 1952 (TIAS 2483). Effected by exchange of notes at La Paz February 25 and March 3, 1955. Enters into force upon the signing of a corresponding extension to the operational agreement.

Agreement extending agreement providing for a cooperative education program in Bolivia signed November 22, 1950 (TIAS 2364). Effected by exchange of notes at La Paz February 25 and March 3, 1955. Enters into force upon the signing of a corresponding extension to the operational agreement.

Agreement extending agreement providing for a cooperative health program in Bolivia dated September 18 and October 7, 1950 (TIAS 2191). Effected by exchange of notes at La Paz February 25 and March 3, 1955. Enters into force upon the signing of a corresponding extension of the operational agreement.

Panama

Highway convention signed at Panamá September 14, 1950. Entered into force April 11, 1955.

Proclaimed by the President: April 18, 1955.

Convention regarding the Colón Corridor and certain other corridors through the Canal Zone. Signed at Panamá May 24, 1950. Entered into force April 11, 1955.

Proclaimed by the President: April 18, 1955.

Yugoslavia

Surplus agricultural commodities agreement, and related letters. Signed at Belgrade January 5, 1955. Entered into force January 5, 1955.

May 2, 1955

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Check List of Department of State Press Releases: April 18-24

Releases may be obtained from the News Division, Department of State, Washington 25, D.C.

Press releases issued prior to April 18 which appear in this issue of the BULLETIN are Nos. 198 of April 11 and 206 of April 14.

No.	Date	Subject
†213	4/18	U.S. architects visit Berlin (rewrite).
214	4/18	Collins' return from Viet-Nam for consultation.
†215	4/19	Dulles: Yalta papers.
216	4/19	Austrian state treaty.
217	4/20	Consultation at Taipei.
*218	4/20	Sparks: dedication of statue of Bonifacio.
†219	4/20	Surplus commodity agreement with Spain.
220	4/21	Cuba credentials (rewrite).
221	4/21	Notes on Polish underground.
†222	4/22	Presentation of German drawings.
†223	4/22	Conference on fur seals.
224	4/22	Note to U.S.S.R. on Austrian treaty.
225	4/22	Delegation to ICEM (rewrite).
226	4/23	Comment on Chou En-lai statement.

*Not printed.

†Held for a later issue of the BULLETIN.



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OFFICIAL BUSINESS

PENALTY FOR PRIVATE USE TO AVOID
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(GPO)

The General Agreement on Tariffs and Trade (GATT) came into existence on January 1, 1948, as an undertaking by eight of the most important world trading countries, including the United States. This agreement sets out general rules for the conduct of international trade and establishes standards for international cooperation through joint negotiation of the reduction of tariffs and the elimination of other barriers to free world trade. Today 34 countries participate in this unique international cooperative association. Together, they account for about 80 percent of world trade.

As a result of changes in world economic conditions since 1948, representatives of the countries participating in the General Agreement recently made an intensive review of its provisions. They proposed amendments which are designed to strengthen the agreement and to provide a permanent organization (Organization for Trade Cooperation) to administer the world trade rules. The amendments agreed upon will come into operation after approval by the contracting parties.

Two recent Department of State publications explain this important agreement and the proposed amendments:

General Agreement on Tariffs and Trade . . .
Present Rules and Proposed Revisions 45 cents
(A comparative study.)

The General Agreement on Tariffs and Trade . . .
An Explanation of Its Provisions and the Proposed Amendments
Publication No. 5813 20 cents
(An explanation in layman's language.)

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